

TEXAS
RACING
COMMISSION

1998 Annual Report

**EXCEPT WHERE INDICATED, INFORMATION IN THIS REPORT
IS BASED ON CALENDAR YEAR 1998 AND IS NOT AUDITED.**

**TEXAS RACING COMMISSION
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TEXAS RACING COMMISSION
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January 29, 1999

The Honorable George W. Bush
Governor of the State of Texas
State Capitol, Room 200
Austin, Texas 78701

Dear Governor Bush:

In accordance with Section 3.10 of the Texas Racing Act, Article 179e, Vernon's Texas Civil Statutes, the Texas Racing Commission is pleased to submit the 1998 Annual Report.

The Commission is proud of its accomplishments during 1998 and of the leadership position Texas has assumed among the nation's racing jurisdictions. All the members of the Commission, the staff, and those involved in greyhound and horse racing in Texas are to be commended.

The Commission remains determined and dedicated to providing the most effective and efficient regulation of the pari-mutuel industry and to serving the citizens of Texas with the highest level of honesty and integrity.

Respectfully submitted,

A handwritten signature in cursive script that reads "Larry J. Christopher".

Larry J. Christopher
Chairman

LJC:mjc



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January 29, 1999

The Honorable George W. Bush
Governor of the State of Texas
State Capitol, Room 200
Austin, Texas 78701

Dear Governor Bush:

As the chief administrator of the Texas Racing Commission I am pleased to present the 1998 Annual Report for the Texas Racing Commission.

The Commission continues to strictly regulate this vital industry in a manner that will keep the trust and respect of the citizens of this state.

The Commission is grateful for the continuing assistance and cooperation of the Department of Public Safety and the Comptroller of Public Accounts and her staff in regulating the pari-mutuel industry.

Very truly yours,

A handwritten signature in cursive script that reads "Paula C. Flowerday".

Paula C. Flowerday
Executive Secretary

TEXAS DEPARTMENT OF PUBLIC SAFETY

6100 GUADALUPE - BOX 4087 - AUSTIN, TEXAS 78773-0420
512/424-2200



DUDLEY M. THOMAS
DIRECTOR

THOMAS A. DAVIS, JR.
ASST. DIRECTOR

January 29, 1999



COMMISSION
JAMES B. FRANCIS, JR.
CHAIRMAN
ROBERT B. HOLT
M. COLLEEN McHUGH
COMMISSIONERS

Mr. Larry Christopher, Commission Chair
Texas Racing Commission
8505 Cross Park Drive, Suite 110
Austin, Texas 78754-4594

Re: **ARTICLE 179e, SECTION 3.10**
VERNON'S TEXAS CIVIL STATUTES

Dear Mr. Christopher:

Article 179e, Section 3.10 of the Vernon's Texas Civil Statutes requires the Texas Racing Commission to obtain a comprehensive report from the Texas Department of Public Safety that would indicate any organized crime activity in Texas, as well as information on any and all illegal gambling. As required by statute, the Department submits the following:

1998 - CRIMINAL ACTIVITY AND CRIME TRENDS

Texas Crime Statistics for 1998 reveal a substantial decrease in the State's index crimes from 1997 with the single exception of murder. This change reflects a decrease of 6.6% in index crimes. Statewide case clearance figures compiled from information provided by Texas police agencies remains basically unchanged from 1997 at 22%.

Texas law enforcement continues to respond to an escalation of white-collar crimes. Advancements in computer technologies provide increased opportunities for counterfeiting, forgery and theft offenses which cost Texas citizens millions of dollars each year. Due to the expense and expertise required to investigate crimes of this nature, most police agencies are not prepared to handle these investigations without assistance. To combat this escalation, Texas must concentrate a larger share of resources on technical training and equipment.

ILLEGAL GAMBLING

The problem of illegal gambling in Texas became so acute that Governor George Bush appointed a Task Force on Illegal Gambling to study the issue. The task force identified Internet gambling on casino games, pari-mutuel racing and sporting events as ever-increasing problems. Video gambling devices have exploded upon the Texas scene.

Enforcement efforts toward "8-liner" slot machines have resulted in numerous civil and criminal actions in many areas of Texas. The investigative and prosecution commitments have been extensive. Most civil actions have been resolved in favor of law enforcement and the criminal prosecutions are pending.

Illegal gambling, both interstate and intrastate, continues to have an adverse effect on the legitimate interests of the Texas Racing Industry; however, Texas Law Enforcement remains strong in its commitment to identify criminals and criminal activities which circumvent public interest for pursuit of personal gain.

Sincerely,



Marshall Caskey
Commander
Special Crimes Service
Texas Department of Public Safety

MC:plm

POLICY MAKING BODY - THE COMMISSIONERS

<i>Commissioners</i>	<i>Hometown</i>	<i>Term Expires</i>
Larry J. Christopher, Chair	Crockett	2/01/2001
David C. Garza	Brownsville	2/01/2003
Lukin T. Gilliland, Jr., Vice-Chair*	San Antonio	2/01/1999
Terri Lacy	Houston	2/01/2003
Deorsey E. McGruder, Jr., D.V.M.	Dallas	2/01/1999
James L. Schulze, D.V.M., Vice-Chair*	Conroe	2/01/2001
<i>Ex-Officio Members</i>		
James B. Francis, Jr. Chair, Public Safety Commission	Dallas	N/A
John Sharp** Comptroller of Public Accounts	Austin	N/A

*Dr. Shulze was elected Vice-Chair at the May 15, 1998 meeting.

**Carole Keeton Rylander was elected Comptroller in November 1998, and assumed office in January 1999.

Texas voters approved pari-mutuel racing in November 1987. The first meeting of the Commission was on February 11, 1988.

The Commission consists of eight members: six are appointed by the Governor with the advice and consent of the Senate, and two are ex officio members, the Chair of the Public Safety Commission and the Comptroller of Public Accounts. The six non-salaried commissioners serve overlapping six-year terms.

Of the six appointed Commissioners, four members must be representatives of the general public and have general knowledge of business or agribusiness, one member must have special knowledge or experience related to greyhound racing and one must have special knowledge or experience related to horse racing. The Governor designates the Chair. The eight members elect the Vice-chair for a term of two years.

1998 COMMISSION MEETING HIGHLIGHTS

- 1/9/98 • Appointed a new Executive Secretary
- Adopted a schedule to review all rules pursuant to Chapter 1275, Acts of 75th Legislature, Section 55 (c)

- 3/13/98 • Presentation by Department of Public Safety regarding telephone and internet gambling

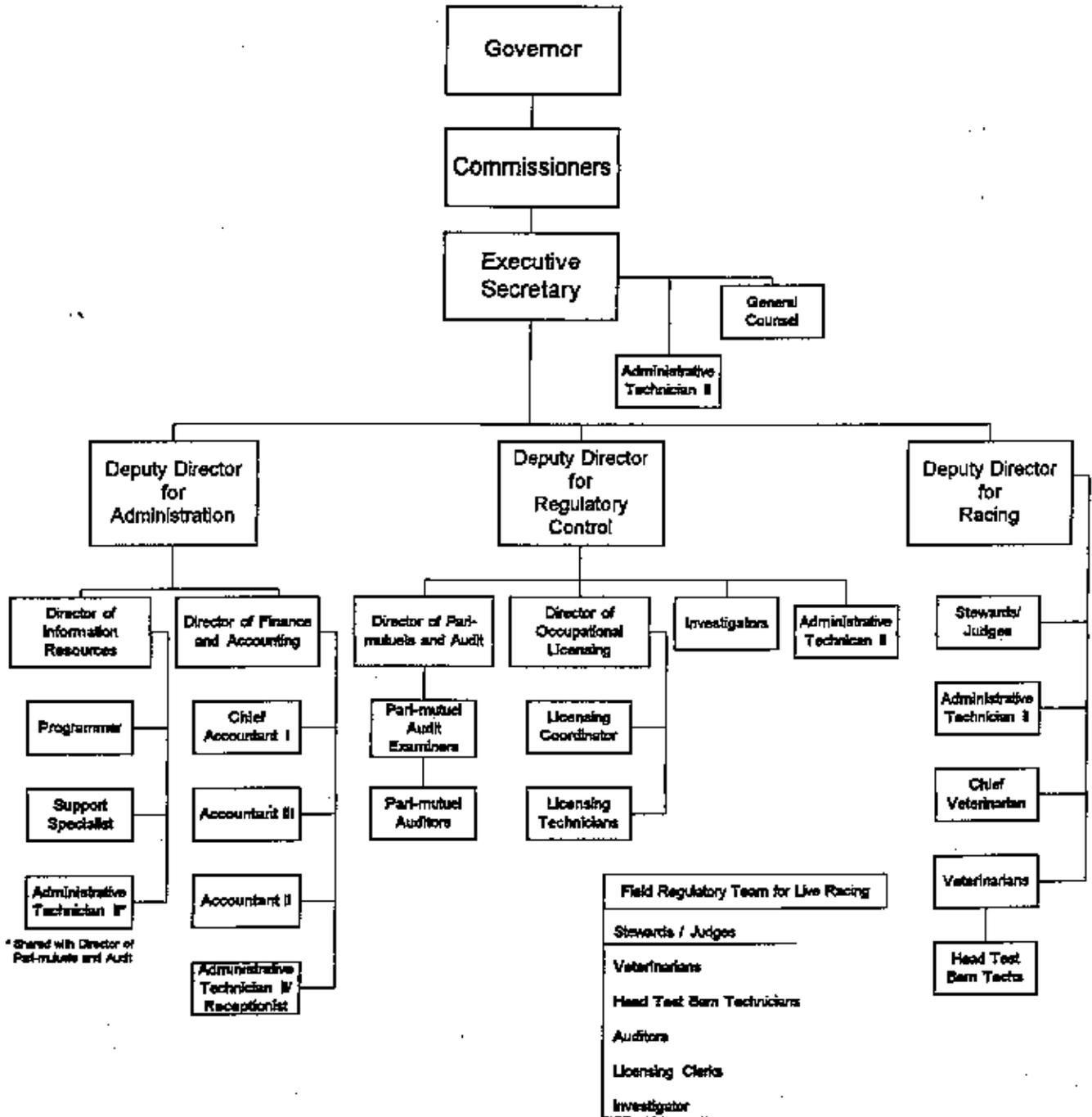
- 5/13/98 • Approved 1999-2003 Strategic Plan as presented by Staff

- 7/30/98 • Allocated live race dates for calendar year 1999 for horse and greyhound racetracks (See page 23)

- 9/23/98 • Authorized distribution formula of purse funds generated from cross species simulcasting for period 9/6/97 through 9/30/98

- 11/16/98 • Allocated horse purse revenues generated from simulcasting in 1999
- Allocated revenues for the Texas-Bred Incentive Program generated from simulcasting in 1999
- Authorized distribution formula of purse funds generated from cross species simulcasting for period 10/1/98 through 9/30/99

ORGANIZATIONAL CHART AS OF 12/31/98



REGULATORY FUNCTIONS & ACTIVITIES

The Texas Racing Commission (TxRC) was created by the Texas Legislature in the Texas Racing Act, codified at Vernon's Texas Civil Statutes, Article 179e, which took effect December 4, 1986 and amended May, 1991, and May, 1997.

Mission

The TxRC will oversee every aspect of pari-mutuel racing, an industry that due to its complexity and broad economic impact on the state's citizens is unparalleled in this state. The Commission will foster an environment of trust and safety in pari-mutuel racing to protect the patrons, racing participants, and race animals. The Commission will vigorously enforce the Texas Racing Act and its rules to ensure a consistent and accurate revenue stream to the state, safe racing facilities, fair and honest racing activities, and accountable use of economic incentives funded through pari-mutuel racing. The Commission will conduct its regulatory activities courteously and efficiently and will facilitate communication and cooperation among and between the public and the various interests within the racing industry.

EXECUTIVE DIVISION

The Executive Division includes the Executive Secretary, General Counsel and staff. As head of the agency, the Executive Secretary supervises the agency's activities as a whole. This division is also responsible for recommending race date allocations, assessing administrative penalties against racetrack licensees, and prosecuting appeals from decisions made by the Board of Stewards/Judges at the operating racetracks.

During 1998, this division:

- reorganized the agency staff to ensure more internal consistency and to foster better communications and cooperation within the agency. Seven separate departments were consolidated into three main divisions: **Administration, Regulatory Control, and Racing.**
- coordinated conduct of six Commission meetings.
- implemented the Sunset legislation by establishing several new agency policies and adopting at least seven new rules and four rule amendments.
- completed three chapter reviews: Chapters 301, 303 and 319.
- reviewed Squaw Creek Downs' Class 2 racetrack application and participated in the licensing hearing before the State Office of Administrative Hearings.
- continued to implement the racetrack inspection program.

- handled seven appeals from Stewards' rulings and four administrative penalty complaints.
- coordinated the competitive bidding process for animal drug testing services.

ADMINISTRATION

The Administrative division is responsible for all support activities for the agency. It includes the Department of Information Resources and the Department of Finance and Accounting. The Deputy Director for Administration oversees these functions as well as serving as the Commission's public information officer.

The Finance and Accounting Department manages the budget, accounting, purchasing, personnel, and other administrative functions of the Commission.

During 1998, this department:

- submitted the Legislative Appropriations Request for fiscal years 2000 and 2001.
- developed the Accounting, Payroll, and Purchasing Policy and Procedures Manual to guide Commission practices and respond to a State Audit Report.
- prepared and submitted the Annual Financial Report.
- accounted for all revenue, expenditures, receipts, and disbursements.
- improved budgetary reporting statistics by department.

The Information Services Department procures and supports all hardware and software necessary for the day-to-day activities of the Commission. This department is also responsible for developing and maintaining the agency's network, database, and web site.

Commission personnel at the seven operating racetracks are all connected to the agency's database. This "24 x 7" network provides up to date licensing information to ensure that all participants have been properly licensed. All pari-mutuel wagering information is input by Commission auditors to track and verify that all monies are properly disbursed. Commission veterinarians enter detailed information about each racing animal that aids in protecting the welfare of the animals. The comprehensive drug testing program conducted by the Commission and the Texas Veterinary Medical Diagnostic Laboratory use the database to track and report drug sample tests. Rulings issued by the judges and stewards are also available on-line. Investigations are documented in the system and are available for review by authorized personnel.

**The Commission's
online database
contains data on all
aspects of its
regulatory functions.**

During 1998, this department:

- upgraded the agency's servers and network to accommodate future growth and to meet Year 2000 compliance standards.

- redesigned the agency's database to take advantage of the latest technology and to bring the database into Year 2000 compliance. Final conversion will be during the 1st quarter of 1999.
- completed Year 2000 testing and implementation on all personal computer based hardware and software.
- began evaluating a new identification card system using digital cameras for occupational licensing. Implementation will be during the 1st quarter of 1999.
- responded to 52 open records requests, modified 327 programs, handled 179 database change requests, and responded to 170 hardware or software related problems.

REGULATORY CONTROL

This division is responsible for all continuous regulatory and enforcement functions that are not limited to live racing. The Enforcement Department, the Pari-mutuel and Auditing Department and the Occupational Licensing Department report to the Deputy Director for Regulatory Control.

The Commission's investigators are commissioned peace officers that play an integral role in enforcing the Commission's Rules and the Racing Act. They support staff to ensure strict rule and law compliance.

Investigations were conducted on: animal drug positives; criminal histories on license applicants returned by the Federal Bureau of Investigation and the Department of Public Safety; illegal wagering; illegal use, possession and trafficking of narcotics; embezzlement; and other illicit activities that could affect the integrity of pari-mutuel racing.

Commission investigators conduct inspections of licensees and racetrack operations for compliance with Commission Rules and the Racing Act.

Occupational licensee drug testing has become an important part of regulating the racing industry. Licensees who are suspected of using illegal drugs while performing their duties are tested. If a licensee tests positive for any illegal controlled substance, the licensee faces a suspension and is required to seek professional help. During 1998, 105 human drug tests were conducted. A total of 62 licensees were suspended by a Board of Stewards and referred to the Commission's Medical Review Officer for testing positive. Additionally, 25 restoration tests were done on licensees who had completed rehabilitation and were seeking reinstatement.

During 1998, the investigators also:

- conducted a total of 1,093 investigations into suspected rule and law violations. Of these, 442 included serious criminal history reports received on current or former occupational licensees and 117 animal drug positives.
- reviewed 1,636 criminal history reports to ensure licensing compliance.

**Commission
investigators
perform preliminary
drug screening
tests at the
racetracks.**

The Pari-mutuel & Auditing Department protects the interest of the wagering public and assures the proper collection and distribution of funds in accordance with the Texas Racing Act. To achieve this, tests of the pari-mutuel totalisator computer programs are performed

During 1998, the Commission approved innovative wagers such as the All Star Jockey Wager at Lone Star Park.

to assure compliance with the Texas Rules of Racing. On site pari-mutuel auditors perform daily audits and verifications of handle, earned purse, paid purse, paid Accredited Texas Bred owner awards, outs balances, depository reports and requests for simulcast approval. The audit staff also performs routine procedural audits, random inspections of pari-mutuel wagering facilities, and responds to public complaints.

In 1998, this department:

- audited and reviewed almost 15,000 live races and in excess of 250,000 simulcast races to ensure proper collection and distribution of funds
- reviewed over 900 requests to simulcast.
- performed 14 audits of totalisator systems.
- provided pari-mutuel handle, purse money and breeder money projections to Commissioners and staff.
- evaluated innovative new wagers such as the All Star Jockey Wager and the MBNA Challenge Wager.
- worked with the Texas Horsemen's Partnership in developing the centralized bookkeeping system now in use at all Texas horse tracks. This system eliminates the need for owners to set up separate accounts at each track.
- continued to work with the Texas Pari-mutuel Advisory Committee to identify problem areas and offer solutions. The committee is composed of racetrack personnel, private technology representatives, and regulatory personnel.

The Occupational Licensing Department is responsible for issuing occupational licenses and registrations to all persons involved in pari-mutuel greyhound and horse racing. This division works closely with the Enforcement Division and the Stewards/Judges. Licensing staff at each racetrack helps to maintain the integrity of the industry by ensuring that all participants are licensed and in good standing.

In 1998, the Commission began using specific gravity for testing horses on lasix.

In 1998, this department:

- issued 20,565 occupational licenses and collected \$931,665 in licensing fees.
- implemented an optional multi-year licensing program for race animal owners and trainers, kennel owners, veterinarians, and jockeys.
- reduced the fees for all occupational licenses through streamlining operations.

RACING DIVISION

The Racing Division is supervised by the Deputy Director for Racing and includes all personnel directly responsible for regulating the conduct of live racing. Included are Commission Stewards and Greyhound Racing Judges, Commission Veterinarians and Test Barn Supervisors and support personnel. The division is responsible for supervising live races, enforcing the Racing Act and Commission Rules, implementing veterinary policies to safeguard the health and welfare of racing animals and administering the Commission's drug testing program conducted by the Texas Veterinary Medical Diagnostic Laboratory (TVMDL) at Texas A & M University.

In 1998, this division:

- performed 124,014 pre-race examinations and evaluations on race animals. Commission veterinarians examine all horses and greyhounds for racing soundness before every race. Injured or unsound animals are not permitted to race and are re-examined before being allowed to return to competition.
- submitted 16,349 greyhound specimens and 7,974 horse specimens to TVMDL which were tested for substances that could produce an unfair advantage for an animal in a race through stimulation and/or the masking of pain. The following substances were detected:

<u>GREYHOUND</u>		<u>HORSE</u>	
Caffeine	3	Acepromazine	2
Dichlorophen	1	Alfentanil	1
Gammahydroxyphenylbutazo	8	Benzoylcegonine	1
Guaifenesin	1	Caffeine	2
Methocarbarnol	1	Clenbuterol	1
Phenylbutazone	1	Cocaine	1
Polyethyleneglycol	26	Dextrophan	1
Procaine	23	Dimethylsulfoxide	3
Promazine	1	Ephedrine	1
Sulfamethoxazole	1	Blunixin	1
Theophylline	4	Furosemide (Lasix)	5
Triamterene	1	Lidocaine	3
TOTAL	67	Mephentermine	2
		Phenylbutazone	77
		Phenylpropanolamin	1
		Polyethyleneglycol	3
		Sulfadiazine	5
		Sulfadimethoxine	1
		Sulfamethoxazole	2
		Theophylline	2
		Trimethoprim	3
		TOTAL	110

- continued the comprehensive race track inspection program per the Sunset Commission's recommendation.
- developed a comprehensive program for regulating lasix use in race horses, with participation and input from the American Association of Equine Practitioners, Texas Veterinary Medical Association, Testing Integrity Program, TVMDL, and various national equine racing researchers.
- assisted in developing a 1999 race date schedule.
- issued a total of 1,142 disciplinary rulings from stewards and judges, including 765 which resulted in fines, and 245 which resulted in suspensions.



COMMISSION INSPECTION PROGRAM

In its report to the Legislature in 1997, the Sunset Commission recommended that the Commission's authority to inspect racetracks be enhanced. Acting upon this recommendation in 1998, the Commission reviewed its inspection program and set more specific performance goals. The Commission was also granted additional enforcement tools to insure that problems are quickly solved to protect the health, safety, and welfare of the public, race animals and occupational licensees.

Due to the complexity of racing operations, no one person can effectively monitor and assess a racetrack. All divisions share the inspection responsibility to ensure compliance with the Racing Act and the Rules of Racing. Regular inspections

The Commission expanded its inspection program to insure compliance with the Racing Act and the Rules of Racing.

ensure compliance as tracks make renovations and personnel changes.

Through this program, areas of non-compliance are identified and staff follows up to ensure appropriate remedial action has occurred. The Executive Secretary reports on inspections at each Commission meeting. During 1998, 36 inspections were performed.

Additionally, the Commission established a procedure for overseeing the construction or renovation of racetrack facilities that includes improved documentation and approval before beginning the project, structured progress reports, and periodic inspections.

TEXAS-BRED INCENTIVE PROGRAMS

The Texas Racing Act provides purse supplements and monetary awards to breeders and owners of Texas-bred greyhounds and horses to encourage agriculture and the horse and greyhound breeding industries.

HORSE PROGRAM

The Texas Racing Act provides for each owner, breeder and stallion owner of an accredited Texas-bred horse that finishes first, second or third in any race other than a Texas-bred stakes race to receive an incentive award.

The awards are funded from:

- breakage from all pari-mutuel pools; and
- 1% of all multiple two and multiple three wagering pools from live, simulcast same-species, and simulcast cross-species.

A Texas-bred stakes race supplement is funded from 9.8% of the breakage from all pari-mutuel pools. This money is retained by the racetracks for distribution through the horsemen's bookkeeper. Horses finishing in an accredited Texas-bred stakes race receive an incentive award as a purse supplement according to the payout conditions of the race.

The remaining money is distributed on a 40%/40%/20% split, respectively, among the owners, breeders, and stallion owners of the accredited Texas-bred horse. All owner awards for Thoroughbreds and Quarter Horses are currently paid through the Horsemen's Bookkeeper at each racetrack.

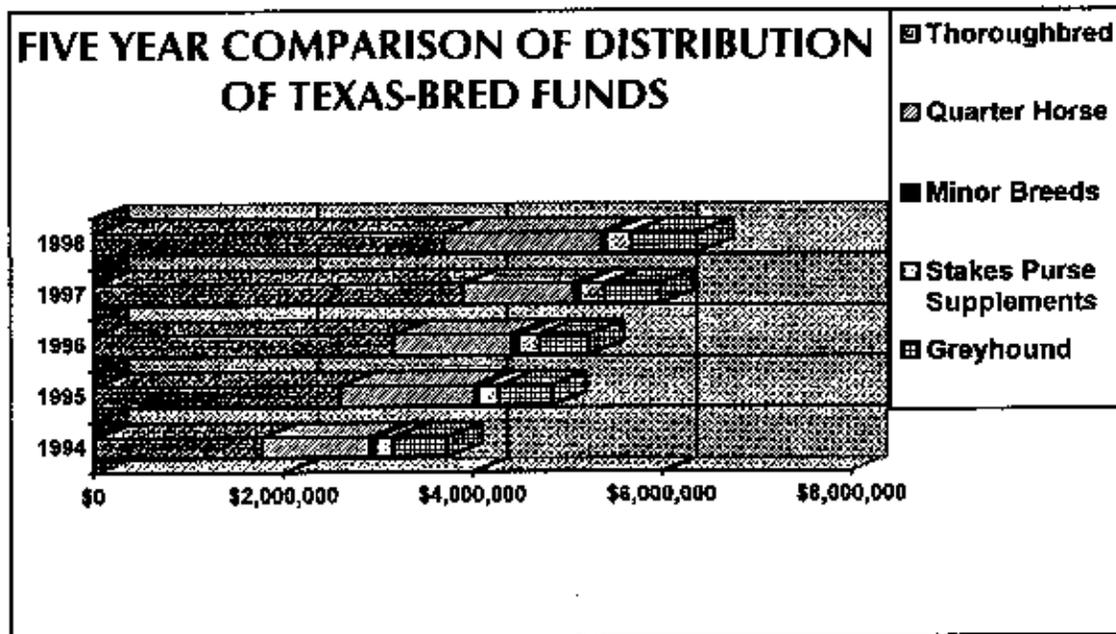
The majority of the Texas-bred owner awards are paid through the Horsemen's Bookkeeper at the racetrack.

The Texas Racing Act names the official breed registries which are responsible for determining the qualifications for Texas-bred accreditation, maintaining the eligibility lists and distributing the monetary awards: Texas Thoroughbred Association; the Texas Quarter Horse Association; the Texas Appaloosa Horse Club; the Texas Arabian Breeders Association; and the Texas Paint Horse Breeders Association. (See the Appendix, page xiii, for a directory of all official Texas breed registries.)

In November 1998, the Texas Appaloosa Horse Club requested withdrawal from the Texas Bred Incentive Program due to lack of participation. The Commission will forward the request to the 77th Legislature for their consideration. The funds allocated during 1998 to Appaloosa Texas Bred horses will be redistributed during 1999.

1998 DISTRIBUTIONS TO BREED REGISTRIES

Texas Thoroughbred Association	\$3,705,818
Texas Quarter Horse Association	1,660,303
Texas Greyhound Association	690,175
Texas-Bred Stakes Race Purse Supplements	259,580
Texas Arabian Breeders Association	54,087
Texas Paint Horse Breeders Association	2,696
Texas Appaloosa Horse Club	344
TOTAL	\$6,373,003



GREYHOUND PROGRAM

Funding for the Texas-bred Greyhound Incentive Program is derived from

Total funds to all breed registries increased 6.4% over 1997.

- 50% of the total breakage from live, simulcast same-species, and simulcast cross-species handle;

- 1% of multiple two and multiple three wagers from simulcast same-species and simulcast cross-species handle; and
- 5.5% of all wagers made at a Texas horse track on inter-state greyhound races.

The 50% of breakage and the 1% of multiple two and three wagers is paid to the Texas Greyhound Association. That money is dedicated 50% to stakes races and 50% to the owners of Texas-bred greyhounds racing at Texas tracks. Once a month these funds are distributed by dividing the monthly total available for awards by the number of winning Texas-bred greyhounds for that month. In 1998, this amounted to \$690,175.

Awards were paid to 1,655 licensed owners for 7,991 wins by Texas-bred greyhounds.

Two percent of the total money received by the Texas Greyhound Association must be set aside for grants for the rehabilitation of greyhounds or to locate homes for greyhounds. The procedure and criteria for applying for a grant are near adoption by the Texas Greyhound Association. Over \$4,000 will be available during calendar year 1999 for distribution.

Any money earned from inter-state greyhound races at a horse track is also paid to the Texas Greyhound Association for use at Texas racetracks. From Retama Park and Sam Houston Race Park's simulcasting of inter-state greyhound races during 1998, almost \$396,000 was earned for greyhound purses at Corpus Christi Greyhound Race Track and Gulf Greyhound Park.

Of the 124,014 animals that raced in Texas in 1998, less than 0.1% tested positive for prohibited substances.

EQUINE RESEARCH

A portion of wagers made at horse tracks fund equine research. The Equine Research Advisory Committee serves as an adjunct to the Texas Agricultural Experiment Station to review research proposals, recommend grant awards, and host an annual conference on equine research.

Research projects in the fields of Agricultural Economics, Animal Science, and Large Animal Medicine are submitted to the Equine Research Committee for grant consideration.

In 1998, \$115,964 was credited to the Equine Research Fund from pari-mutuel racing. The following studies were granted from those funds:

- "Methods to Enhance Bone Quality in the Two Year-Old Horse in Race Training – Mineral Requirements for Maximizing Bone Density" by Dr. Gary Potter.
- "Anchored Microsatellite Markers for a Comparative Genetic Map of the Horse" by Dr. Loren Skow.
- "Regulatory Factors Controlling Spermatogenesis" by Dr. Larry Johnson.
- "Persistent Endometritis and Myometrial Dysfunction in Mares" by Dr. Dickson Varner.

1/1/98-12/31/98 UNAUDITED: HORSE RACETRACKS

TRACKS	# OF PERP.	TOTAL HANDLE AVG. HANDLE	TOTAL ATTENDANCE AVG. ATTENDANCE	PER DAYTA	# of points	BREAK OUT OF TOTAL HANDLE ON TRACK	
						LIVE \$	EXPORT SIMULCAST \$
GILLESPIE FAIR & FESTIVALS - LIVE	10	\$1,290,876 \$129,088	20,818 2,092	\$62	10	\$1,290,876 \$129,088	\$0
TOTAL \$ WAGERED AT GILLESPIE FAIR	10	\$1,290,876	20,818	\$62	10	\$1,290,876	\$0
LONE STAR	84	\$54,378,657 \$647,377	185,711 2,211	\$293	0	\$0	\$54,379,657 \$647,377
SIMULCAST ONLY 1/1 - 4/8	Average						
T MEET 4/9 - 7/19 - LIVE W/SCAST	73	\$97,187,656 \$1,331,338	718,358 9,813	\$136	73	\$53,410,925 \$731,657	\$43,776,731 \$599,681
DARK DAY SIMULCAST DURING T MEET STARTING 4/13	15	\$4,199,571 \$279,971	17,893 1,180	\$237	0	\$0	\$4,199,571 \$279,971
SIMULCAST ONLY 7/21 - 10/1	Average						
SIMULCAST ONLY 7/21 - 10/1	64	\$36,313,873 \$567,404	136,076 2,126	\$267	0	\$0	\$36,313,873 \$567,404
OH MEET 10/2 - 11/28 - LIVE W/SCAST	Average						
OH MEET 10/2 - 11/28 - LIVE W/SCAST	33	\$28,994,913 \$878,634	179,675 5,445	\$161	33	\$8,889,335 \$269,374	\$20,105,578 \$609,260
DARK DAY SIMULCAST DURING OH MEET STARTING 10/5 thru 11/29	17	\$6,393,182 \$376,070	23,228 1,366	\$275	0	\$0	\$6,393,182 \$376,070
SIMULCAST ONLY 11/30 - 12/31	Average						
SIMULCAST ONLY 11/30 - 12/31	24	\$11,955,593 \$498,150	41,549 1,731	\$288	0	\$0	\$11,955,593 \$498,150
TOTAL \$ WAGERED AT LONE STAR	310	\$238,424,445	1,300,290	\$184	106	\$62,300,280	\$177,124,185

(Out of state locations wagering on Lone Star)
(Texas racetracks wagering on Lone Star)

TOTAL WAGERED ON LONE STAR'S RACES

TRACKS	# OF PERP.	TOTAL HANDLE AVG. HANDLE	TOTAL ATTENDANCE AVG. ATTENDANCE	PER DAYTA	# of points	LIVE \$	EXPORT SIMULCAST \$
MANOR DOWNS	43	\$3,098,773 \$72,018	8,494 198	\$365	0	\$0	\$3,098,773 \$72,018
SIMULCAST ONLY 1/1 - 2/27	Average						
OH MEET 2/28 - 5/31 - LIVE W/SCAST	28	\$5,852,130 \$201,862	31,048 1,109	\$182	28	\$2,756,276 \$98,438	\$2,895,854 \$103,423
DARK DAY SIMULCAST DURING OH MEET STARTING 3/4	38	\$2,611,780 \$68,731	6,327 167	\$413	0	\$0	\$2,611,780 \$68,731
SIMULCAST ONLY 8/3 - 12/31	Average						
SIMULCAST ONLY 8/3 - 12/31	151	\$11,834,456 \$78,374	30,740 204	\$385	0	\$0	\$11,834,456 \$78,374
TOTAL \$ WAGERED AT MANOR	260	\$23,185,119	76,609	\$303	28	\$2,756,276	\$20,438,843
RETAMA PARK	120	\$21,382,828 \$178,190	78,058 650	\$274	0	\$0	\$21,382,828 \$178,190
SIMULCAST ONLY 1/1 - 4/30	Average						
MIXED MEET 5/1 - 8/28 - LIVE W/SCAST	34	\$14,338,678 \$421,726	112,896 3,320	\$127	34	\$5,053,705 \$148,638	\$9,284,973 \$273,087
DARK DAY SIMULCAST DURING MIXED MEET STARTING 5/4	25	\$3,163,018 \$126,521	11,270 451	\$281	0	\$0	\$3,163,018 \$126,521
SIMULCAST ONLY 8/29 - 7/23	Average						
SIMULCAST ONLY 8/29 - 7/23	25	\$4,774,438 \$190,978	17,747 710	\$269	0	\$0	\$4,774,438 \$190,978
T MEET 7/24 - 10/16 - LIVE W/SCAST	Average						
T MEET 7/24 - 10/16 - LIVE W/SCAST	49	\$17,816,457 \$363,601	138,708 2,831	\$128	49	\$6,602,707 \$134,749	\$11,213,750 \$228,852
DARK DAY SIMULCAST DURING T MEET STARTING 7/27	36	\$4,230,800 \$117,522	14,439 401	\$293	0	\$0	\$4,230,800 \$117,522
SIMULCAST ONLY 10/17 - 12/31	Average						
SIMULCAST ONLY 10/17 - 12/31	75	\$13,846,516 \$184,620	49,028 654	\$282	0	\$0	\$13,846,516 \$184,620
TOTAL \$ WAGERED AT RETAMA	364	\$79,552,735	422,146	\$188	83	\$11,856,412	\$67,696,323

(Out of state locations wagering on Retama)
(Texas racetracks wagering on Retama)

TOTAL WAGERED ON RETAMA'S RACES

TOTAL \$ WAGERED AT RETAMA	364	\$79,552,735	422,146	\$188	83	\$11,856,412	\$67,696,323
LIVE Handle at Retama							
EXPORT INTERSTATE Handle							
EXPORT INTRASTATE Handle							
TOTAL WAGERED ON RETAMA'S RACES							

1/1/98-12/31/98 UNAUDITED: HORSE RACETRACKS

TRACKS	W OF PERCENT	TOTAL HANDLE AVERAGE	TOTAL ATTENDANCE AVERAGE	PER CAPITA	SPOTS	LIVE \$	BREAK OUT OF TOTAL HANDLE ON TRACK	REPORT SIMULCAST &
SAM HOUSTON (SHRP) - ON TRACK	49	\$27,092,154	155,351	\$174	49	\$9,366,309		\$17,725,845
T MEET 1/1 - 4/06 - LIVE W/CAST		\$552,901	3,170			\$191,149		\$361,752
DARK DAY SIMULCAST DURING T MEET STARTING 1/1	46	\$7,528,256	22,388	\$336	0	\$0		\$7,528,256
Average		\$163,658	487		0	\$0		\$163,658
SIMULCAST ONLY 4/6 - 7/2	88	\$26,493,032	87,088	\$304	0	\$0		\$26,493,032
Average		\$301,057	990		0	\$0		\$301,057
QH MEET 7/3 - 8/13 - LIVE W/CAST	43	\$24,929,619	181,110	\$138	43	\$5,976,498		\$18,953,123
Average		\$579,759	4,212			\$138,988		\$440,770
DARK DAY SIMULCAST DURING QH MEET STARTING 7/8	30	\$6,106,243	22,085	\$276	0	\$0		\$6,106,243
Average		\$203,641	736		0	\$0		\$203,641
SIMULCAST ONLY 9/14 - 10/21	38	\$11,740,438	40,825	\$288	0	\$0		\$11,740,438
Average		\$308,959	1,074		37	\$7,008,753		\$308,959
T MEET 10/22 - 12/31 - LIVE W/CAST	37	\$22,917,493	129,212	\$177	37	\$7,008,753		\$15,908,740
Average		\$619,392	3,492		0	\$0		\$429,966
DARK DAY SIMULCAST DURING T MEET STARTING 10/26	33	\$7,687,659	27,322	\$281	0	\$0		\$7,687,659
Average		\$232,959	828		0	\$0		\$232,959
TOTAL \$ WAGERED AT SHRP	364	\$134,484,894	665,381	\$202	129	\$22,351,558		\$112,143,336
*Correction - \$4,120 deduction from track only wagering on 12/1/98.								
LIVE Handle at Sam Houston								
EXPORT INTERSTATE Handle								
EXPORT INTRASTATE Handle								
TOTAL WAGERED ON SAM HOUSTON'S RACES								
TOTAL \$ WAGERED AT TEXAS' HORSE TRACKS	1308	\$477,958,069	2,485,344	\$192	358	\$100,355,382		\$377,602,687
(Out of state locations wagering on Sam Houston)								
(Texas racetracks wagering on Sam Houston)								

1/1/98-12/31/98 UNAUDITED: GREYHOUND RACETRACKS

TRACKS	W OF PERCENT	TOTAL HANDLE AVERAGE	TOTAL ATTENDANCE AVERAGE	PER CAPITA	SPOTS	LIVE \$	BREAK OUT OF TOTAL HANDLE ON TRACK	REPORT SIMULCAST &
CCGRT-ON TRACK LIVE W/CAST	380	\$21,480,515	199,447	\$108	380	\$12,074,640		\$9,405,875
Corpus Christi Greyhound Race Track		\$56,528	525			\$31,775		\$24,752
Average		\$3,724,568	28,936	\$129	0	\$0		\$3,724,568
SIMULCAST PERFORM ONLY	332	\$11,219	87					\$11,219
Average		\$11,219	87					\$11,219
TOTAL \$ WAGERED AT CCGRT	712	\$25,205,083	228,365	\$110	380	\$12,074,640		\$13,130,443
LIVE Handle at CCGRT								
EXPORT INTERSTATE Handle								
EXPORT INTRASTATE Handle								
TOTAL WAGERED ON CCGRT'S RACES								
GULF-ON TRACK LIVE W/CAST	520	\$113,606,080	780,995	\$145	520	\$73,868,557		\$39,737,523
Gulf Greyhound Park		\$218,473	1,502			\$142,055		\$76,419
Average		\$3,806,397	13,766	\$277	0	\$0		\$3,806,397
SIMULCAST PERFORM ONLY	53	\$71,819	260					\$71,819
Average		\$71,819	260					\$71,819
TOTAL \$ WAGERED AT GULF	573	\$117,412,477	794,761	\$148	520	\$73,868,557		\$43,543,920
LIVE Handle at Gulf								
EXPORT INTERSTATE Handle								
EXPORT INTRASTATE Handle								
TOTAL WAGERED ON GULF'S RACES								
TOTAL \$ WAGERED AT TEXAS' GH TRACKS	1285	\$142,617,560	1,023,146	\$139	900	\$85,843,197		\$56,674,363
*Correction - \$20,268 deduction made to simulate wagering on 1/2/98.								
(Out of state locations wagering on Gulf)								
(Texas tracks wagering on Gulf)								

1/1/98-12/31/98 UNAUDITED: ALL RACETRACKS

TRACKS	# OF PERS.	TOTAL HANDLE AVG. HANDLE	TOTAL ATTENDANCE AVG. ATTENDANCE	*PER CAPITA	Spots	LAKE \$	BREAK OUT OF TOTAL HANDLE ON TRACK \$ pers. REPORT BUILDOART \$
TOTAL \$ WAGERED AT HORSE TRACKS	1308	\$477,858,069	2,485,344	\$192	356	\$100,355,382	\$377,602,687
TOTAL \$ WAGERED AT GREYHOUND TRACKS	1285	\$142,617,580	1,023,146	\$139	800	\$85,943,197	\$56,674,383
TOTAL \$ WAGERED AT TEXAS' TRACKS	2593	\$620,575,629	3,508,490	\$177	1256	\$186,298,579	\$434,277,050

\$186,298,579 LIVE HANDLE AT TEXAS' TRACKS
 \$390,830,417 EXPORT INTERSTATE HANDLE - Out of state locations wagering on Texas signals
 \$62,803,256 EXPORT INTRASTATE HANDLE - Texas racetracks wagering on Texas signals
 \$640,032,252 TOTAL WAGERED ON TEXAS' RACES (Includes on track five, interstate & intrastate on Texas races)

\$371,373,794 TOTAL WAGERED ON INTERSTATE RACES (Texas racetracks wagering on out of state signals)

\$390,830,417 TOTAL EXPORT INTERSTATE HANDLE - Out of state locations wagering on Texas signals
 \$371,373,794 TOTAL IMPORT INTERSTATE HANDLE - Texas racetracks wagering on out of state signals
 \$19,456,623 NET GAIN(LOSS) OF WAGERING DOLLARS IN TEXAS AS RESULT OF SIMULCASTING

BREAK-OUT OF CROSS-SPECIES SIMULCASTING ACTIVITY
 1/1/98 - 12/31/98*

HORSE RACETRACKS	INTERSTATE HANDLE ON GREYHOUNDS	INTERSTATE HANDLE	Total Earned Greyhound Purses on Interstate Handle	TOTAL WAGERED ON GREYHOUNDS
LONG STAR PARK	\$0	\$0	\$0	\$0
MANOR DOWNS	\$1,854,245	\$0	\$0	\$1,854,245
RETAMA PARK	\$9,212,420	\$1,990,422	\$109,473	\$11,202,842
SAM HOUSTON	\$11,013,468	\$5,208,165	\$286,449	\$16,221,633
TOTAL WAGERED AT HORSE TRACKS ON GREYHOUNDS	\$22,080,133	\$7,198,587	\$395,922	\$29,278,720

GREYHOUND RACETRACKS	INTERSTATE HANDLE ON HORSES	INTERSTATE HANDLE	Total Earned Horse Purses on Interstate Handle*	TOTAL WAGERED ON HORSES
CORPUS CHRISTI	\$1,031,957	\$1,785,806	\$60,811	\$2,827,762
GULF	\$1,412,790	\$13,378,157	\$602,017	\$14,790,947
TOTAL WAGERED AT GREYHOUND TRACKS ON HORSES	\$2,444,747	\$15,173,962	\$662,828	\$17,618,709

TOTAL CROSS-SPECIES WAGERING: \$24,524,880 \$22,372,549 \$46,897,429

*The first period of disbursement for the horse purses funds was 8/8/97 through 8/30/98.

1998 Purse Information

	Quarter Horse	Thoroughbred	Arabian	Appaloosa	Paint	TOTAL
Earned Purse	\$6,550,197	\$24,674,341	\$352,900	\$0	\$63,500	\$31,640,938
TxBred Stakes	\$50,500	\$164,225	\$1,000	\$0	\$0	\$215,725
Stakes	\$3,327,812	\$1,128,220	\$73,499	\$0	\$45,601	\$4,575,332
Sponsors	\$842,460	\$182,565	\$82,494	\$0	\$27,000	\$1,134,519
ATB Owner Awards	\$426,969	\$937,050	\$0	\$0	\$1,300	\$1,365,319
TOTAL PURSES PAID	\$11,197,938	\$27,086,401	\$509,893	\$0	\$137,601	\$38,931,833
<i>Average Daily Purses Paid</i>	<i>\$83,567</i>	<i>\$139,621</i>	<i>N/A</i>	<i>\$0</i>	<i>N/A</i>	<i>N/A</i>

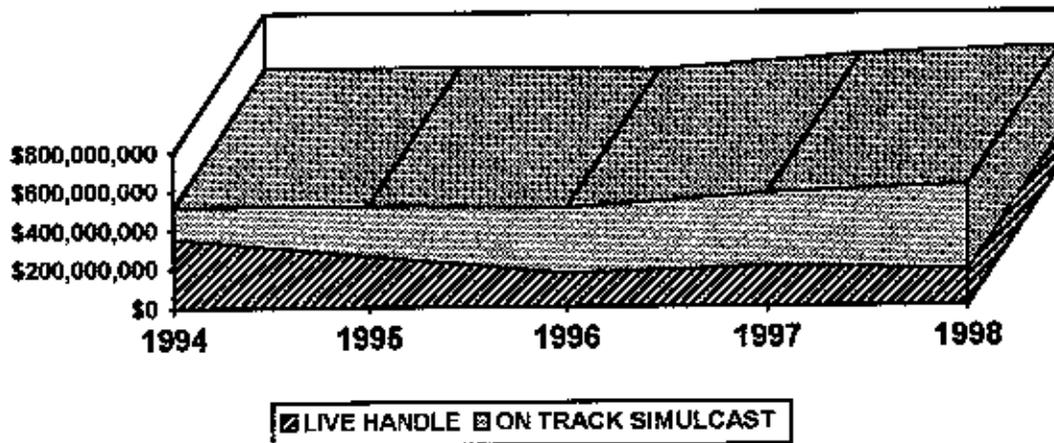
	TOTAL GREYHOUND	TOTAL HORSE	TOTAL GREYHOUND & HORSE
Earned Purse	\$7,484,485	\$31,640,938	\$39,125,423
TxBred Stakes	\$120,000	\$215,725	\$335,725
Stakes	\$7,200	\$4,575,332	\$4,582,532
Sponsors	\$64,300	\$1,134,519	\$1,198,819
ATB Owner Awards	Not Applicable*	\$1,365,319	\$1,365,319
TOTAL PURSES PAID	\$7,675,985	\$38,931,833	\$46,607,818
<i>Average Purses Paid per Performance</i>	<i>\$8,529</i>	*Greyhound TxBred Owner Awards are not paid at the racetrack as a part of the purse; they are paid on a monthly basis by the TGA.	

Greyhound purses paid in 1998 increased 8% over 1997.

Horse purses paid in 1998 increased 11.6% over 1997.

FIVE YEAR OVERVIEW OF PARI-MUTUEL RACING IN TEXAS

1994-1998 On Track Handles Horse & Greyhound Combined



1994-1998

HORSE AND GREYHOUND TRACKS COMBINED

	1994	1995	1996	1997	1998
# of Tracks	8	9	8	7	7
HANDLE ON TRACK:					
Live	\$354,817,092	\$262,654,405	\$171,798,417	\$204,470,138	\$186,298,579
Simulcast	\$164,621,820	\$258,840,661	\$335,472,828	\$377,322,976	\$434,277,050
TOTAL	\$519,438,912	\$521,495,066	\$507,271,245	\$581,793,114	\$620,575,629
LIVE DATES	1,846	1,686	1,264	1,294	1,256
SIMULCAST	2,077	2,726	2,672	2,594	2,583
PURSES PD.	\$39,402,952	\$36,544,986	\$30,575,571	\$41,822,609	\$46,607,818
STATE TAX	\$8,633,684	\$7,386,299	\$6,285,622	\$6,815,182	\$9,353,898
TX BRED \$	\$3,730,191	\$4,839,303	\$5,232,866	\$5,990,995	\$6,373,003
ATTENDANCE	3,772,317	3,534,208	3,036,702	3,510,281	3,508,490

1999 GRANTED LIVE RACE DATES

Greyhound Racetracks:

CORPUS CHRISTI GREYHOUND RACE TRACK - 417 performances

8 performances a week, Tuesday through Sunday

GULF GREYHOUND PARK - 522 performances

10 performances a week, Tuesday through Sunday

Horse Racetracks:

GILLESPIE COUNTY FAIR & FESTIVALS

Mixed Meet - 10 days

June 12 & 13, July 3 & 4 and 17 & 18, August 14 & 15 and 28 & 29

Saturday & Sunday racing

LONE STAR PARK AT GRAND PRAIRIE

Thoroughbred Meet - 72 days - April 15 (Thur.) through July 25 (Sun.)

Wednesday - Sunday racing

Quarter Horse Meet - 33 days - October 1 (Fri.) through November 27 (Sat.)

Wednesday - Saturday racing

MANOR DOWNS

Quarter Horse Meet - 29 days - February 6 (Sat.) through April 18 (Sun.)

Saturday & Sunday in February; Friday, Saturday & Sunday in March and April

RETAMA PARK

Mixed Meet - 30 days - April 23 (Fri.) through June 27 (Sun.)

Friday - Sunday racing

Thoroughbred Meet - 51 days - July 30 (Fri.) through October 24 (Sun.)

Thursday - Sunday racing

SAM HOUSTON RACE PARK

Thoroughbred Meet - 57 days - January 1 (Fri.) through April 11 (Sun.)

Thursday - Sunday racing

Quarter Horse Meet - 43 days - July 2 (Fri.) through September 12 (Sun.)

Thursday - Sunday racing

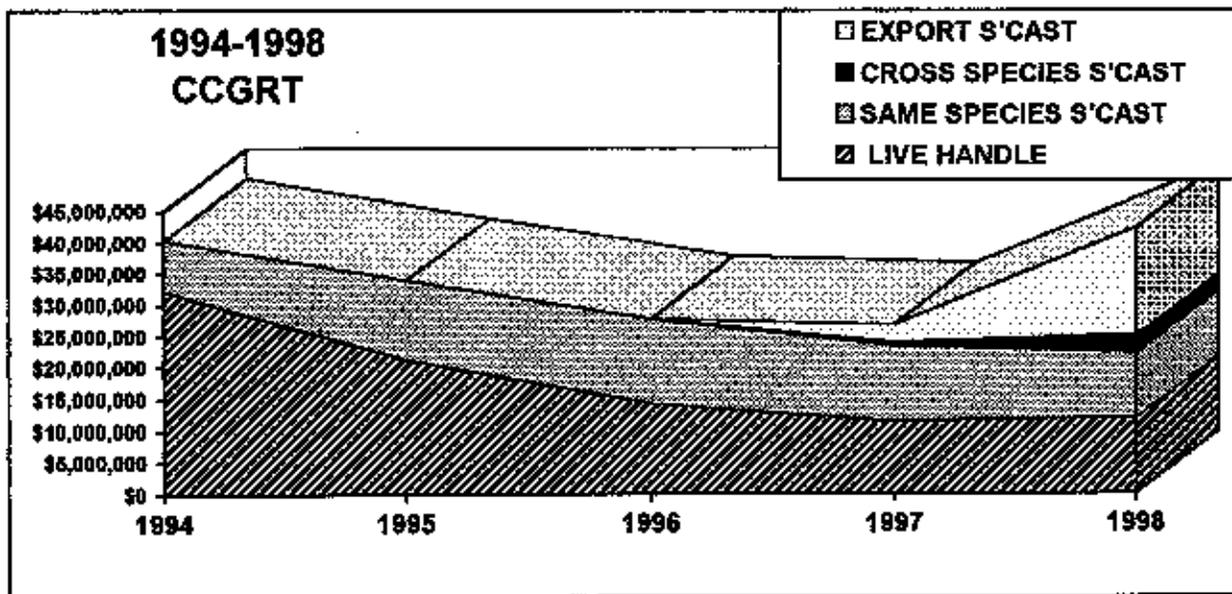
Thoroughbred Meet - 33 days - October 28 (Thur.) through December 30 (Thur.)

Thursday - Sunday racing

Corpus Christi Greyhound Race Track

	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON CCGRT <i>Live + Total Export</i>
1998	\$12,074,640	\$10,302,681	\$2,827,762	\$25,205,083	\$17,256,343	\$29,330,983
1997	\$11,383,066	\$12,097,944	\$470,182	\$23,951,192	\$2,901,285	\$14,284,351
1996	\$14,246,546	\$13,581,644	\$0	\$27,828,190	\$0	\$14,246,546
1995	\$21,275,867	\$12,641,983	\$0	\$33,917,850	\$0	\$21,275,867
1994	\$32,135,826	\$8,248,773	\$0	\$40,384,599	\$0	\$32,135,826

1998 Average Purses Paid Per Performance - \$4,167



	PERFORMANCES		PURSES PAID	TOTAL ATTENDANCE
	LIVE	S'CAST		
1998	380	712	\$1,583,330	228,385
1997	379	724	\$1,000,261	241,809
1996	381	716	\$1,170,734	296,498
1995	446	667	\$1,533,539	363,741
1994	456	465	\$1,778,615	454,623

Inaugural Meet: 11/15/90

Size of Track: 1,347' - 22' wide

Seating Capacity: 2,500

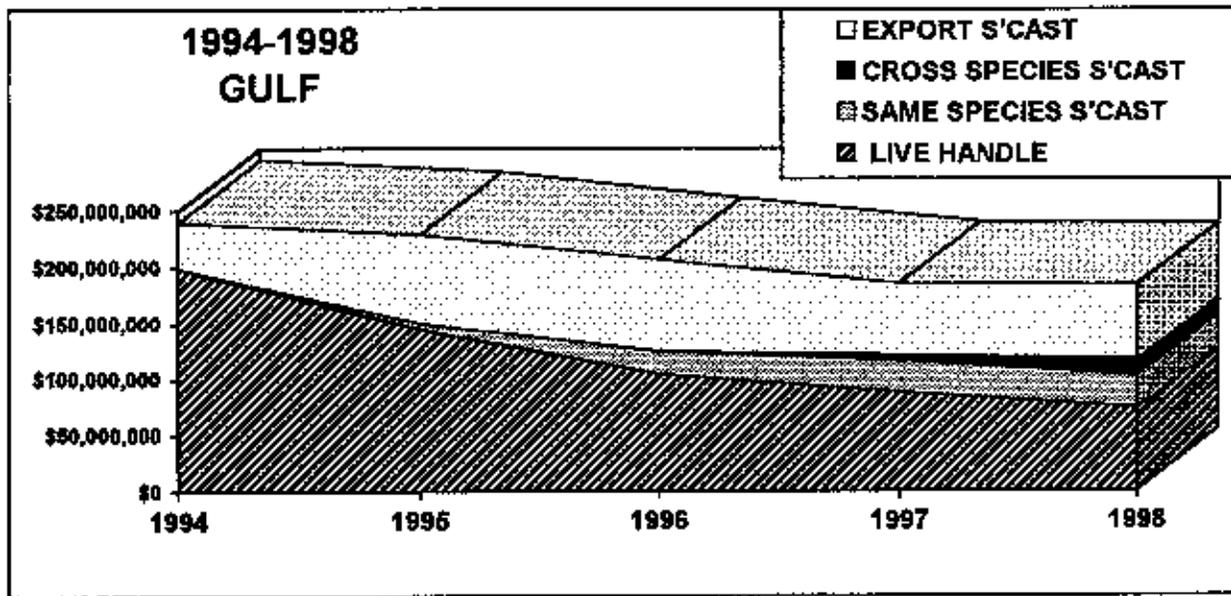
Attendance Record: 6,242 on 11/23/90

Wagering Record: \$355,166 on 2/28/92

Gulf Greyhound Park

	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON GULF <i>Live + Total Export</i>
1998	\$73,868,557	\$28,752,973	\$14,790,947	\$117,412,477	\$86,288,348	\$140,156,903
1997	\$88,342,138	\$28,081,598	\$4,593,056	\$121,016,792	\$64,093,665	\$152,435,803
1996	\$103,513,229	\$20,689,048	\$0	\$124,202,277	\$81,692,529	\$185,205,758
1995	\$144,680,710	\$4,976,278	\$0	\$149,656,988	\$79,678,530	\$224,359,240
1994	\$198,237,141	\$7,448	\$0	\$198,244,589	\$42,424,756	\$240,258,278

1998 Average Purses Paid Per Performance - \$11,717



	PERFORMANCES		PURSES	TOTAL
	LIVE	S'CAST	PAID	ATTENDANCE
1998	520	573	\$6,092,655	794,761
1997	526	574	\$5,949,103	868,294
1996	526	542	\$6,739,890	986,291
1995	527	181	\$8,102,927	1,185,318
1994	524	1	\$9,912,207	1,482,336

Inaugural Meet: 11/10/92
 Size of Track: 1/4mile; 22' wide
 Total Seating Capacity: 8,862
 Attendance Record: 17,070 on 1/22/94
 Wagering Record: \$1,427,219 on 7/5/93

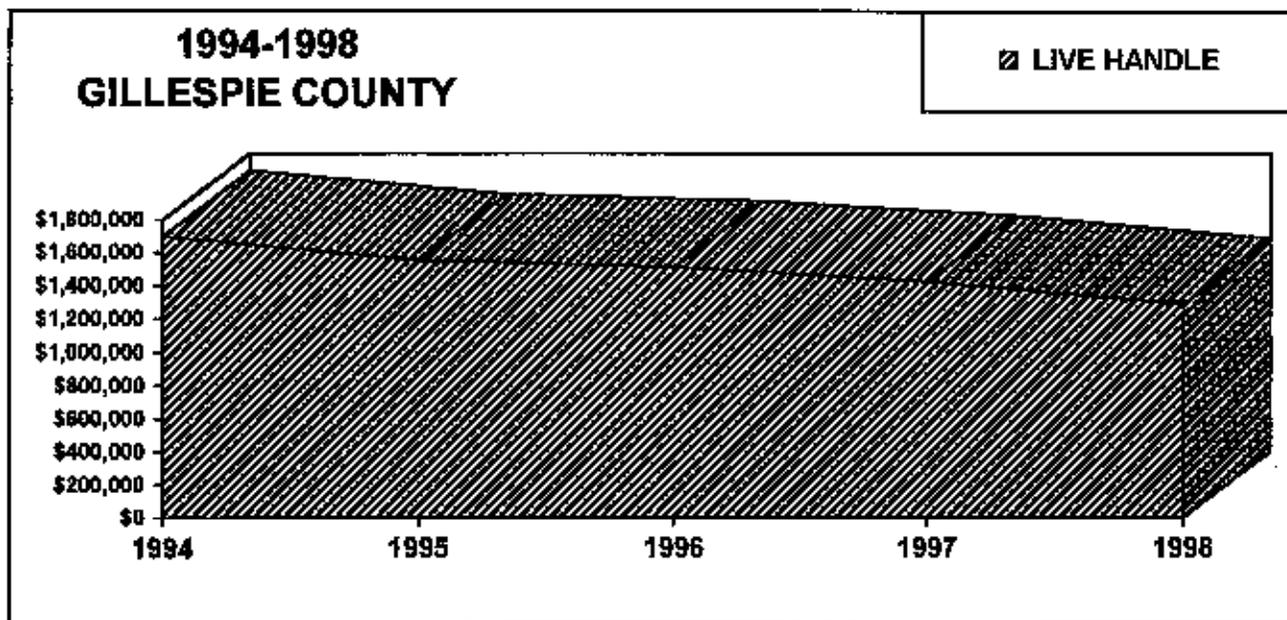
Gillespie County Fair & Festivals - Class 3

	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON GILLESPIE Live + Total Export
1998	\$1,290,876	\$0	\$0	\$1,290,876	\$0	\$1,290,876
1997	\$1,427,813	\$0	\$0	\$1,427,813	\$0	\$1,427,813
1996	\$1,512,356	\$0	\$0	\$1,512,356	\$0	\$1,512,356
1995	\$1,554,667	\$0	\$0	\$1,554,667	\$0	\$1,554,667
1994	\$1,699,711	\$0	\$0	\$1,699,711	\$0	\$1,699,711

MIXED MEET

1998 Average Daily QH Purses Paid - \$33,723

1998 Average Daily T Purses Paid - \$7,440



	PERFORMANCES		PURSES	TOTAL
	LIVE	S'CAST	PAID	ATTENDANCE
1998	10	0	\$411,626	20,918
1997	10	0	\$414,955	22,536
1996	10	0	\$404,344	22,363
1995	11	0	\$437,730	23,958
1994	12	0	\$493,917	27,201

Inaugural Meet: 5/26/90
 Size of Track: 5/8mile; 80' wide
 Total Stall Space: 200
 Total Seating Capacity: 3,200
 Attendance Record: 7,574 on 7/4/90
 Wagering Record: \$352,854 on 7/4/90

Lone Star Park at Grand Prairie - Class 1

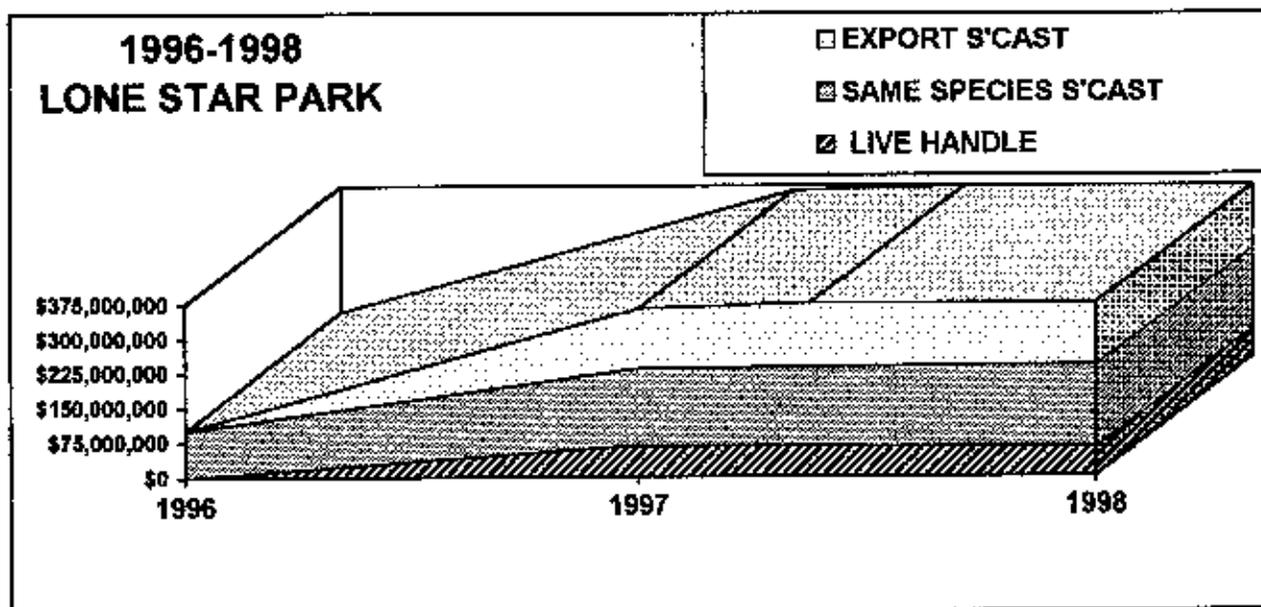
	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON LONE STAR <i>Live + Total Export</i>
1998	\$62,300,260	\$177,124,185	\$0	\$239,424,445	\$154,558,304	\$216,858,564
1997	\$66,754,971	\$165,914,672	\$0	\$232,669,643	\$130,861,269	\$197,816,240
1996	\$0	\$102,031,200	\$0	\$102,031,200	\$0	\$0

QUARTER HORSE MEET

1998 Average Daily QH Purses Pd. - \$149,623

THOROUGHBRED MEET

1998 Average Daily T Purses Pd. - \$201,286



	PERFORMANCES		PURSES	TOTAL
	LIVE	S'CAST	PAID	ATTENDANCE
1998	108	310	\$19,816,471	1,300,290
1997	107	310	\$17,100,600	1,284,010
1996	0	212	\$0	399,844

Inaugural Meet: 4/18/97

Size of Track: 1 mile oval with 7/8 turf

Total Stall Space: 1,400

Total Seating Capacity: 8,552

Attendance Record: 27,105 on 7/3/98

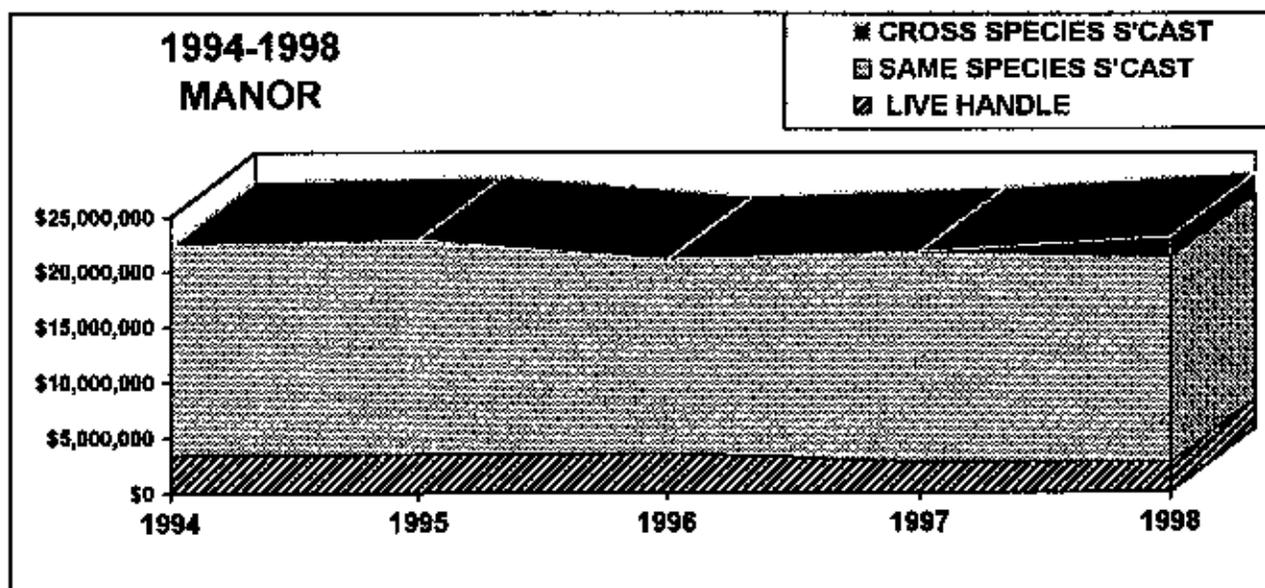
Wagering Record: \$3,024,215 on 5/2/98

Manor Downs- Class 2

	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON MANOR <i>Live + Total Export</i>
1998	\$2,756,276	\$18,584,598	\$1,854,245	\$23,195,119	\$0	\$2,756,276
1997	\$2,781,732	\$19,077,496	\$0	\$21,859,228	\$0	\$2,781,732
1996	\$3,677,179	\$17,364,225	\$0	\$21,041,404	\$0	\$3,677,179
1995	\$3,616,705	\$19,207,588	\$0	\$22,824,293	\$0	\$3,616,705
1994	\$3,466,252	\$18,957,918	\$0	\$22,424,170	\$0	\$3,466,252

QUARTER HORSE MEET

1998 Average Daily QH Purses Paid - \$75,075



	PERFORMANCES		PURSES	TOTAL
	LIVE	S'CAST	PAID	ATTENDANCE
1998	28	260	\$2,113,712	76,609
1997	29	260	\$2,072,043	77,136
1996	34	260	\$2,482,489	83,636
1995	31	261	\$2,268,000	92,001
1994	31	254	\$1,194,251	85,269

Inaugural Meet: 10/11/90

Size of Track: 550 yd. Straightaway by 80'

Total Stall Space: 673

Total Seating Capacity: 2,500

Attendance Record: 3,829 on 5/19/91

Wagering Record: \$414,794 on 12/16/90

Retama Park - Class 1

	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON RETAMA <i>Live + Total Export</i>
1998	\$11,656,412	\$58,693,481	\$11,202,842	\$79,552,735	\$52,720,494	\$64,376,908
1997	\$13,605,453	\$52,777,869	\$2,610,424	\$68,993,846	\$59,829,311	\$73,434,764
1996	\$14,485,599	\$47,826,086	\$0	\$62,311,685	\$47,940,990	\$62,426,589
1995	\$31,256,814	\$28,602,658	\$0	\$59,859,472	\$51,795,618	\$83,052,432

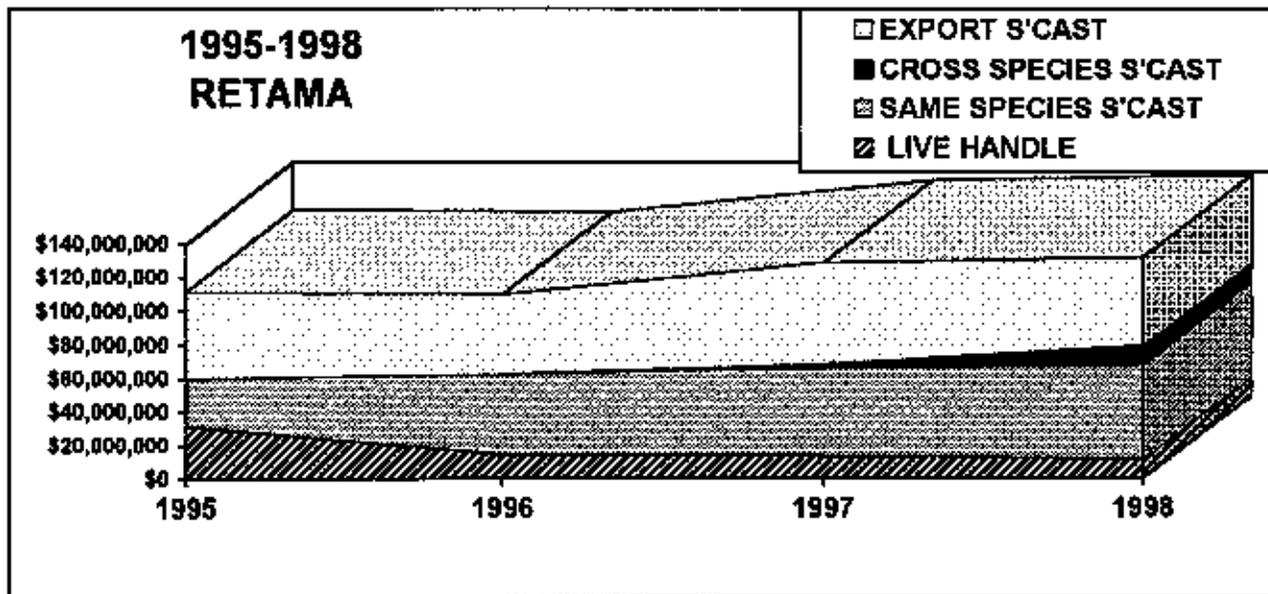
MIXED MEET

1998 Average Daily QH Purses Pd. - \$41,592

1998 Average Daily T Purses Pd. - \$11,653

THOROUGHBRED MEET

1998 Average Daily T Purses Pd. - \$73,864



	PERFORMANCES		PURSES	TOTAL
	LIVE	S'CAST	PAID	ATTENDANCE
1998	83	364	\$5,628,873	422,146
1997	100	362	\$5,870,934	409,438
1996	88	362	\$5,844,007	377,118
1995	120	260	\$6,523,552	596,336

Inaugural Meet: 4/7/95

Size of Track: 1 mile oval with 7/8 turf

Total Stall Space: 1,288

Total Seating Capacity: 5,573

Attendance Record: 29,631 on 4/7/95

Wagering Record: \$950,281 on 5/2/98

Sam Houston Race Park - Class 1

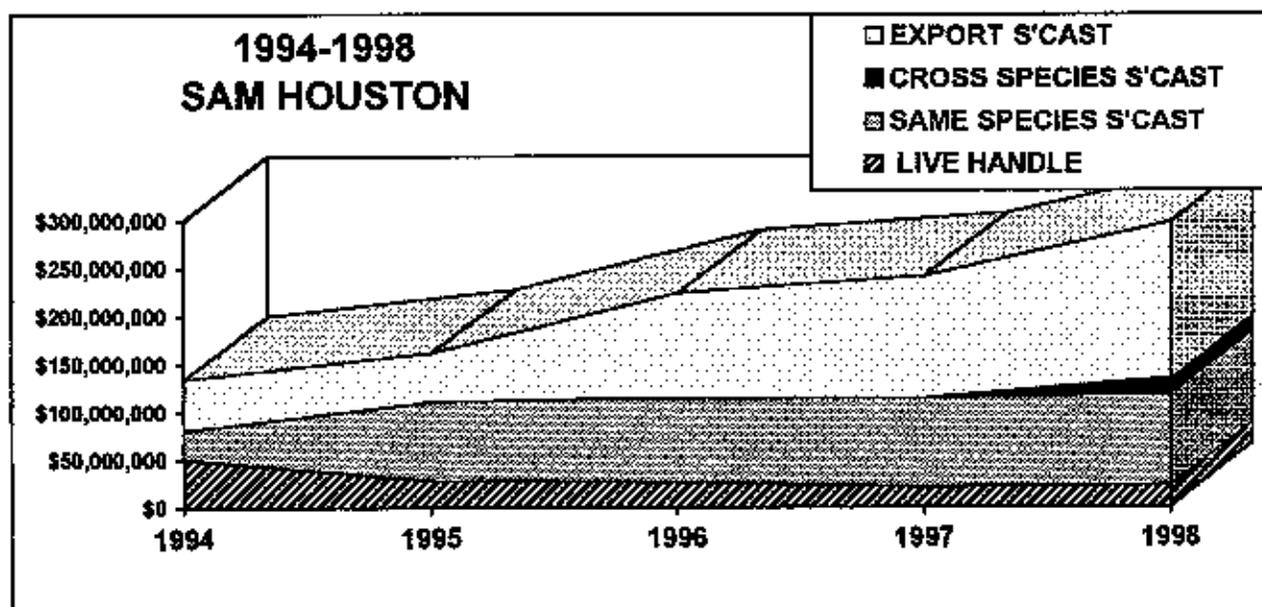
	LIVE ON-TRACK HANDLE	IMPORT SAME SPECIES SIMULCAST	IMPORT CROSS-SPECIES SIMULCAST	TOTAL ON-TRACK HANDLE	TOTAL EXPORT HANDLE	TOTAL HANDLE ON SAM HOUSTON <i>Live + Total Export</i>
1998	\$22,351,558	\$85,921,703	\$16,221,633	\$134,494,894	\$162,910,188	\$185,261,744
1997	\$20,174,965	\$93,542,544	\$0	\$113,717,509	\$128,130,843	\$148,305,808
1996	\$25,619,523	\$88,583,735	\$0	\$114,203,258	\$109,787,902	\$135,407,425
1995	\$27,983,411	\$82,381,503	\$0	\$110,364,914	\$51,229,804	\$79,213,215
1994	\$49,958,832	\$30,455,131	0	\$80,413,963	\$53,573,797	\$103,532,629

QUARTER HORSE MEET

1998 Average Daily QH Purses Pd. - \$55,872

THOROUGHBRED MEET

1998 Average Daily T Purses Pd. - \$96,463



	PERFORMANCES		PURSES	TOTAL
	LIVE	S'CAST	PAID	ATTENDANCE
1998	129	364	\$10,961,151	665,381
1997	143	364	\$9,414,713	607,058
1996	146	365	\$9,103,662	684,239
1995	150	384	\$7,540,287	664,571
1994	159	214	\$12,173,921	805,648

Inaugural Meet: 4/29/94

Size of Track: 1 mile oval with 7/8 turf

Total Stall Space: 1,224

Total Seating Capacity: 7,000

Attendance Record: 20,064 on 7/4/97

Wagering Record: \$1,464,379 on 5/4/96

OTHER LICENSED RACETRACKS

VALLEY GREYHOUND PARK

Valley Greyhound Park was the first pari-mutuel greyhound track in Texas when it opened on November 14, 1990. The track had moderate success the first few years. During the 1995 legislative session, Valley Greyhound Park sought the ability to offer off-track wagering to augment its declining revenues. This effort failed and the track ceased live operations on September 4, 1995 and simulcast operations on September 30, 1995. While Valley Greyhound Park holds a valid greyhound racetrack license, plans for reopening are still uncertain.

LONGHORN DOWNS - CLASS 2

Longhorn Downs, Inc., received a Class 2 horse racetrack license in 1989. The company originally planned to construct a \$35 million facility in Round Mountain. In 1993, Midpointe Racing, L.C., one of the original applicants for a Class 1 license in Dallas County, acquired a 97.5% interest in Longhorn. The Commission approved Longhorn Downs' request to relocate its license to a site in Grand Prairie. Midpointe then merged with Lone Star Jockey Club. In late 1994, the Commission approved an agreement that returned control of the Longhorn license to its original owners and the location of the license to Round Mountain. The Commission has not been apprised of any construction plans.

LUBBOCK DOWNS - CLASS 2

Lubbock Downs received a Class 2 horse racetrack license in 1989. In 1990, Lubbock Downs voluntarily surrendered its license in lieu of revocation, due to its inability to obtain financing to construct the track. In LO-92-001 (1992), the Attorney General's office held that newly enacted Section 6.19 of the Texas Racing Act required the Commission to reinstate Lubbock Downs' license. The license was reinstated on January 31, 1992. The Commission approved a site change to Slaton in June of 1994. The Commission has not been apprised of any construction plans.

APPENDIX

Summary of Fiscal Year 1998 Financial and Performance Information	II
Glossary of Racing Terms.....	IV
Charts Depicting Pari-mutuel Payouts.....	VI
Racetrack & Industry Organizations Directory.....	XII

**COMBINED STATEMENT OF REVENUES & EXPENDITURES
FOR FISCAL YEAR 1998
SOURCE: ANNUAL FINANCIAL REPORT**

REVENUES:	General Revenue Fund (0597)
Legislative Appropriations	\$ 0
Licenses, Fees and Permits	10,841,025
Other Revenues	1,298,609
TOTAL REVENUE	<u>\$12,149,982</u>
EXPENDITURES:	
Salaries & Wages	\$2,793,840
Payroll Related Costs	600,335
Professional Fees and Services	141,172
Travel	151,137
Materials & Supplies	105,153
Communications & Utilities	86,993
Repairs & Maintenance	29,289
Rentals & Leases	107,793
Printing & Reproduction	21,955
Claims and Judgments	47,700
Other Expenditures, Distributions to Breed	6,065,271
Capital Outlay	<u>88,323</u>
TOTAL EXPENDITURES	<u>\$10,238,961</u>
EXCESS REVENUES OVER EXPENDITURES	<u>\$1,911,021</u>
OTHER FINANCING SOURCES (USES):	
Sale of Fixed Assets	\$845
Operating Transfers Out:	
Agency 353, Fund 001, Savings Measurement	(64,951)
Agency 556, Fund 001, Equine Research	<u>(112,439)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(\$176,545)</u>
EXCESS REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$1,734,476</u>

SUMMARY OF KEY PERFORMANCE MEASURES FOR FISCAL YEAR 1998

Key Outcomes	FY 1997 Actual	FY 1998 Actual
Percentage of complaints regarding racetrack operations resolved in six months or less	100%	100%
Median price of Texas-bred horses sold at auction	\$6,613	\$3,533
Percentage of investigations resulting in disciplinary action	97%	92%
Percentage of licensees with no recent violations	96.24%	96%
Percentage decrease in race animals injured or dismissed from the racetrack	0.4%	0.7%
Number of drug positives for Class 3 through Class 5 medications per 1,000 samples	112	167
Average time (minutes) required to issue a new occupational license	8	8
Percentage of compliance audits passed	77%	89%

GLOSSARY OF RACING TERMS

Accredited Texas-bred horse – a Texas-bred horse that meets the accreditation requirements of the state breed registry of that breed of horse.

Breakage - the odd cents by which the amount payable on each dollar wagered exceeds a multiple of 10 cents, except in the event of a minus pool, in which case the breakage is based on multiples of five cents.

Common pool - a pool in which the wagers received at a receiving location are combined with the wagers received at a sending racetrack.

Cross-species simulcast signal - a simulcast signal of a horse race at a greyhound racetrack facility or a simulcast signal of a greyhound race at a horse racetrack facility.

Exotic pool - a mutuel pool that involves wagers on more than one entered horse or greyhound or on entries in more than one race.

Handle - the total amount of money wagered at a racetrack during a particular period.

Horsemen's organization - an organization recognized by the Commission that represents horse owners and trainers in negotiating and contracting with associations on subjects relating to racing and in representing and advocating the interests of horse owners and trainers before administrative, legislative, and judicial forums.

Live pari-mutuel pool - the total amount of money wagered by patrons on the result of a particular live race or combination of live races within the enclosure of the racetrack association where the race is being run.

Mixed meet - a live horse race meeting in which more than one breed of horse participates.

Multiple wagering – wagering on two or more animals in one race or more animals in more than one race.

Multiple 2 wager - a wager on two animals entered in a race or a wager on two races.

Multiple 3 wager - a wager on three or more animals entered in a race or a wager on three or more races.

Odds - a number indicating the amount of profit per dollar wagered to be paid to holders of winning pari-mutuel tickets.

Outstanding ticket - a pari-mutuel ticket that is not presented for payment before the end of the race day for which the ticket was purchased.

Performance - the schedule of horse or greyhound races run consecutively as one program.

Place - to finish second in a race

Prohibited substance - a drug, chemical or other substance that in its use or intended use, is reasonably capable of influencing or affecting the outcome of a race in a manner contrary to this Act or a Commission rule and is prohibited by a Commission rule regulating the unlawful influence of a race.

Purse - the cash portion of the prize for a race.

Race date - a date on which an association is authorized by the commission to conduct races.

Race meeting - a group of days on which horse or greyhound racing is conducted at a racetrack.

Regular wager - a wager on a single horse or greyhound in a single race.

Show - to finish third in a race.

Simulcast - the telecast or other transmission of live audio and visual signals of a race, transmitted from a sending track to a receiving location, for the purpose of wagering conducted on the race at the receiving location.

Simulcast pari-mutuel pool - the total amount of money wagered by patrons at a licensed racetrack association in Texas on the result of a particular simulcast race or combination of simulcast races.

Stallion owner - a person who is owner of record, at the time of conception, of the stallion that sired the accredited Texas-bred horse.

Straight pool - a mutuel pool that involves wagers on a horse or greyhound to win, place, or show.

Texas-bred horse - a horse that is sired by a stallion standing in Texas at the time of conception and foaled by a mare in Texas, except that a mare may be bred outside Texas and brought into Texas to foal and all foals sired and foaled under those conditions in the mare's lifetime shall be considered "Texas-bred" if the mare is bred back to a stallion standing in Texas. In all instances any foal must qualify under the rules of the Commission.

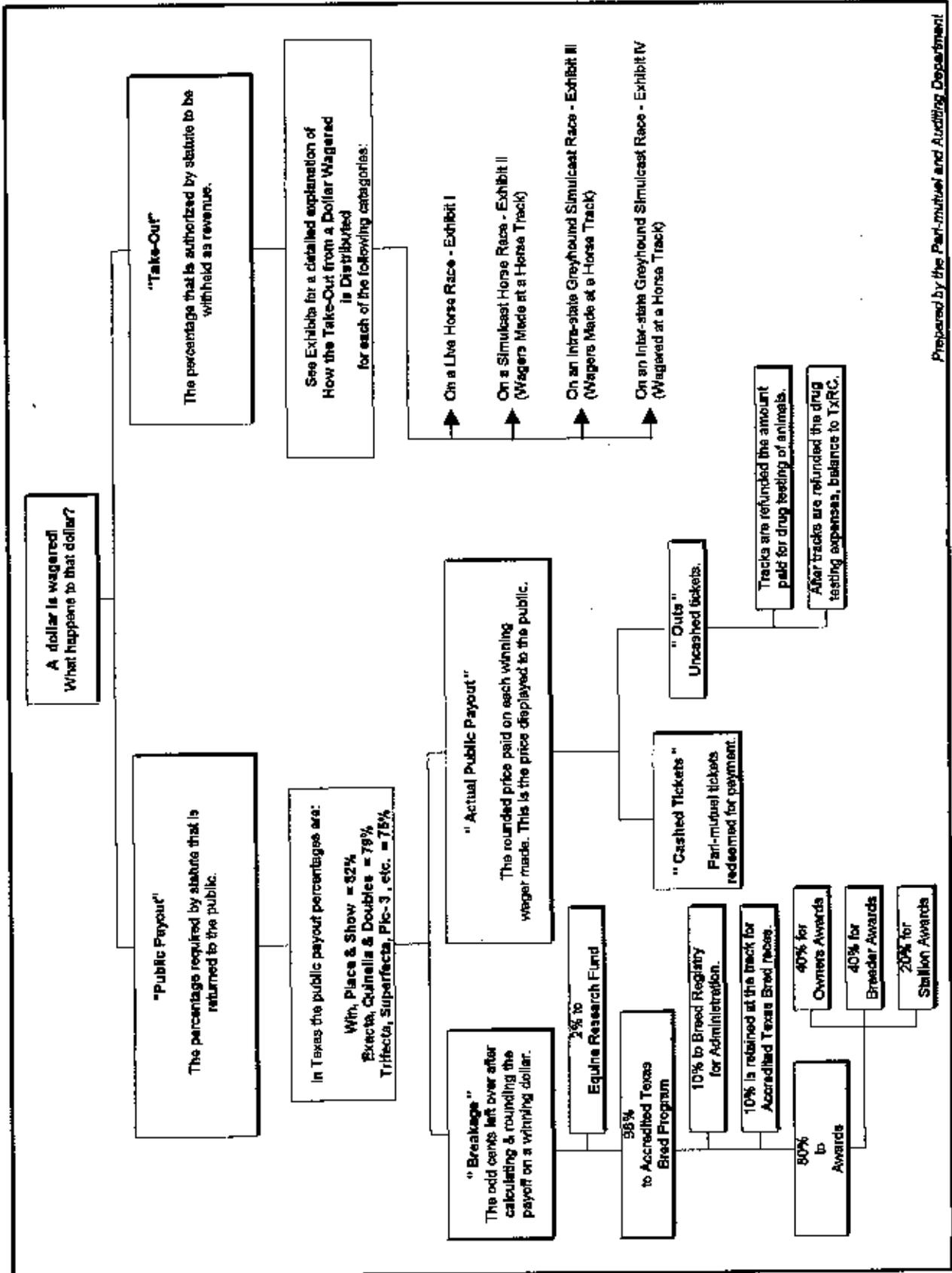
Totalisator - a machine or system for registering and computing the wagering and payoffs in pari-mutuel wagering.

Win - to finish first in a race.

WPS - an abbreviation for the first three places of a race: Win (1st), Place (2nd), and Show (3rd).

For further definitions see Section 1.03 of the Texas Racing Act and Section 301.1 of the Rules of Racing.

Distribution of Money Wagered at a Horse Track



Prepared by the Pari-mutuel and Auditing Department

How the Take-Out from a Dollar Wagered at a Horse Track is Distributed:

Exhibit II

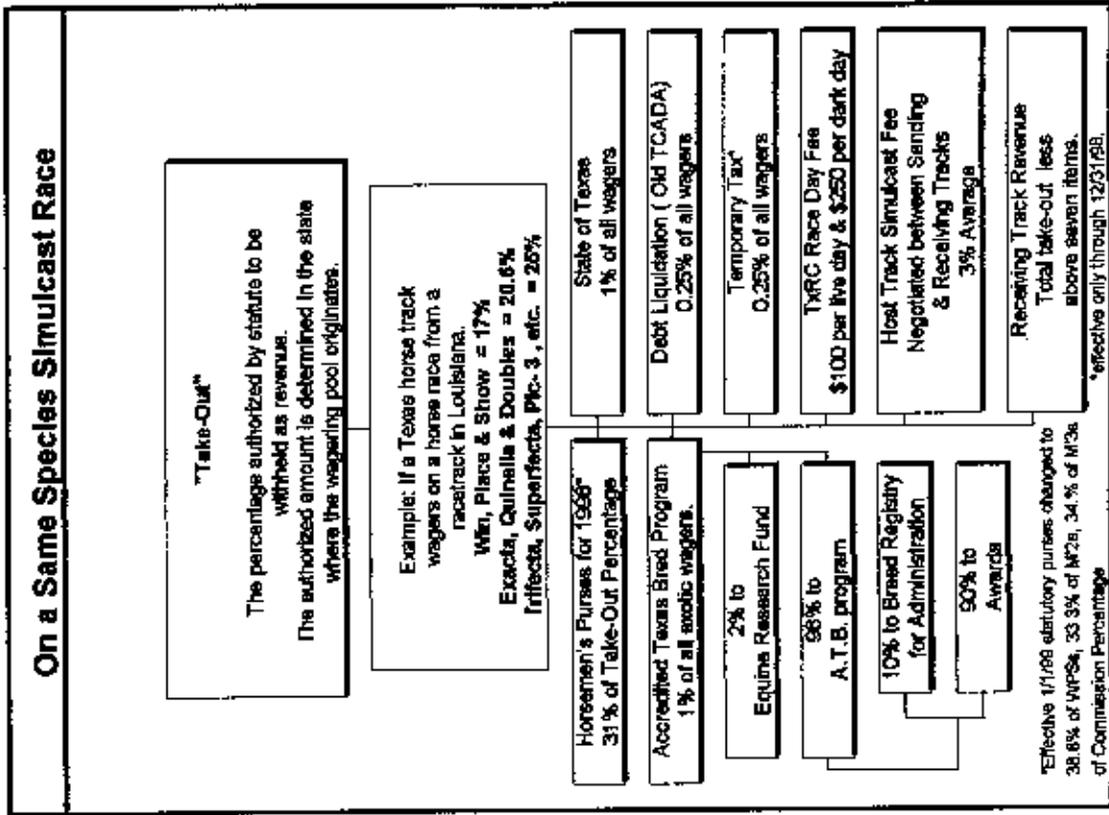
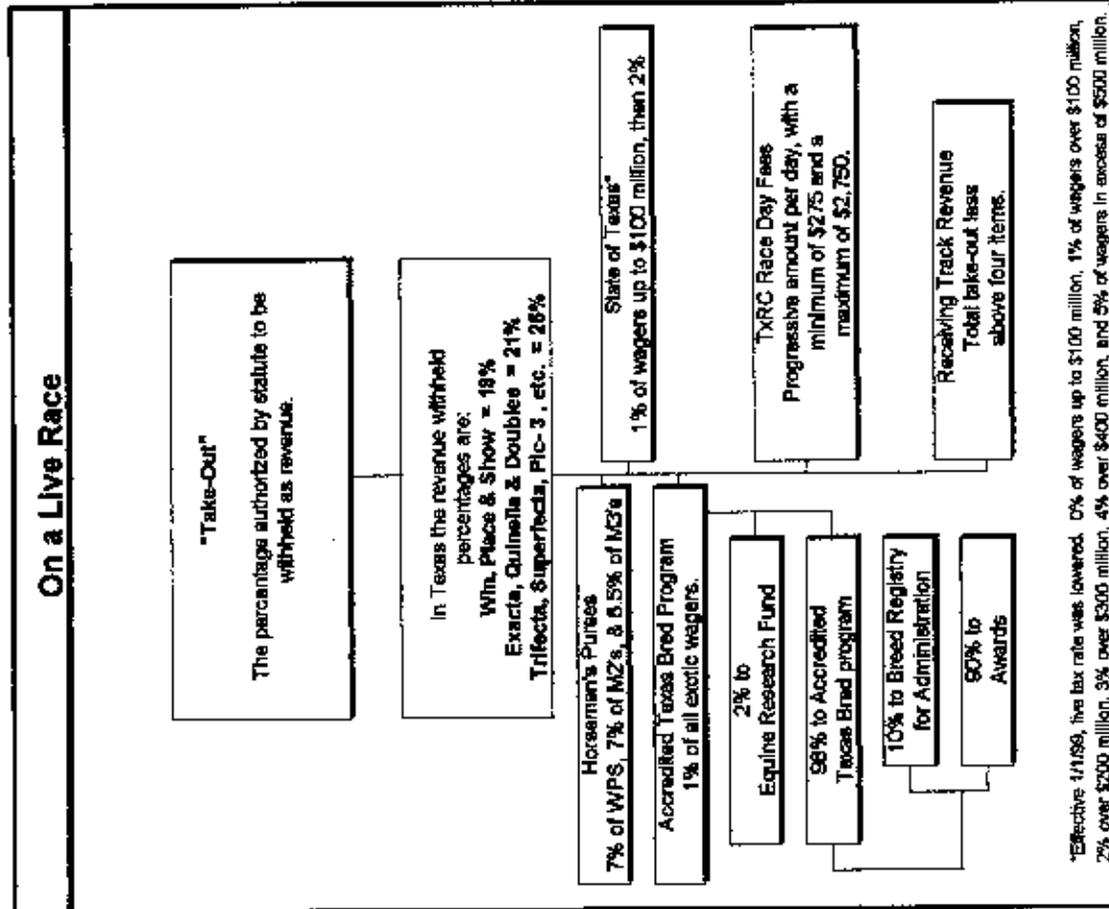


Exhibit I



How the Take-Out from a Dollar Wagered at a Horse Track is Distributed:

Exhibit IV

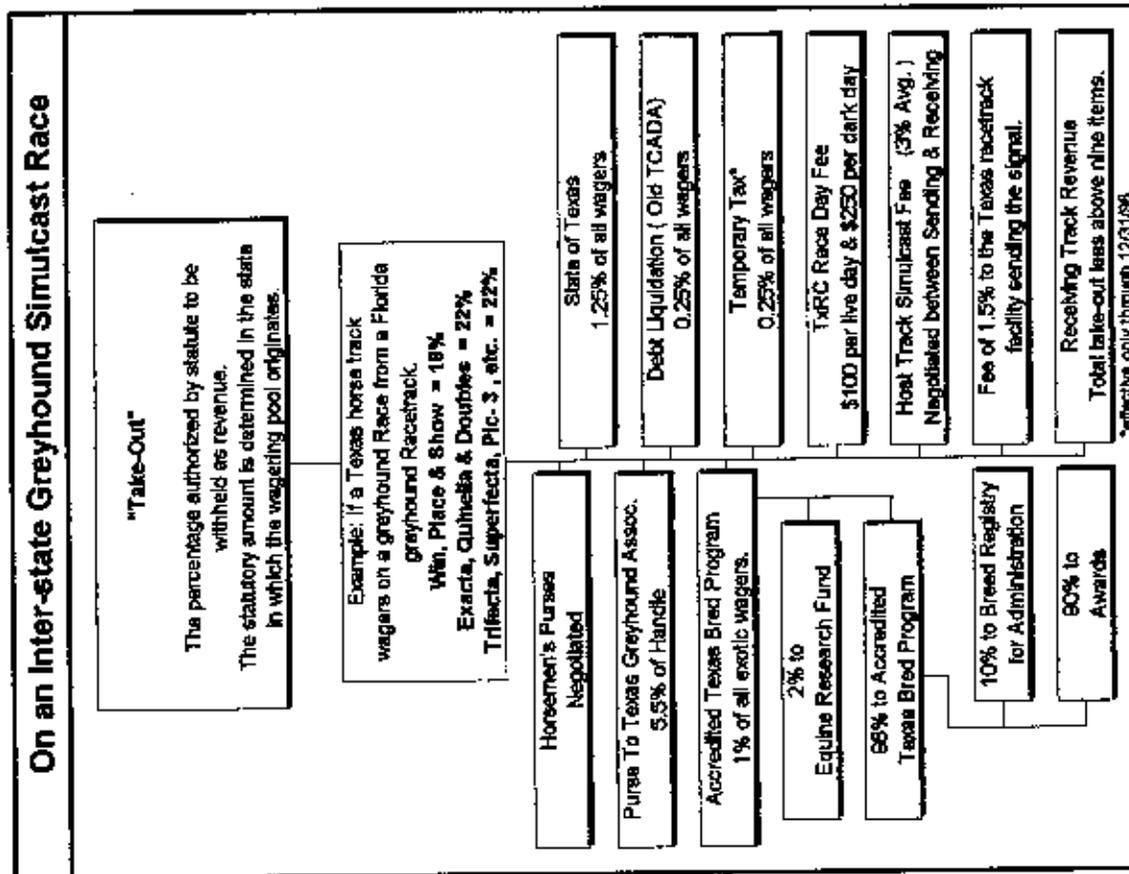
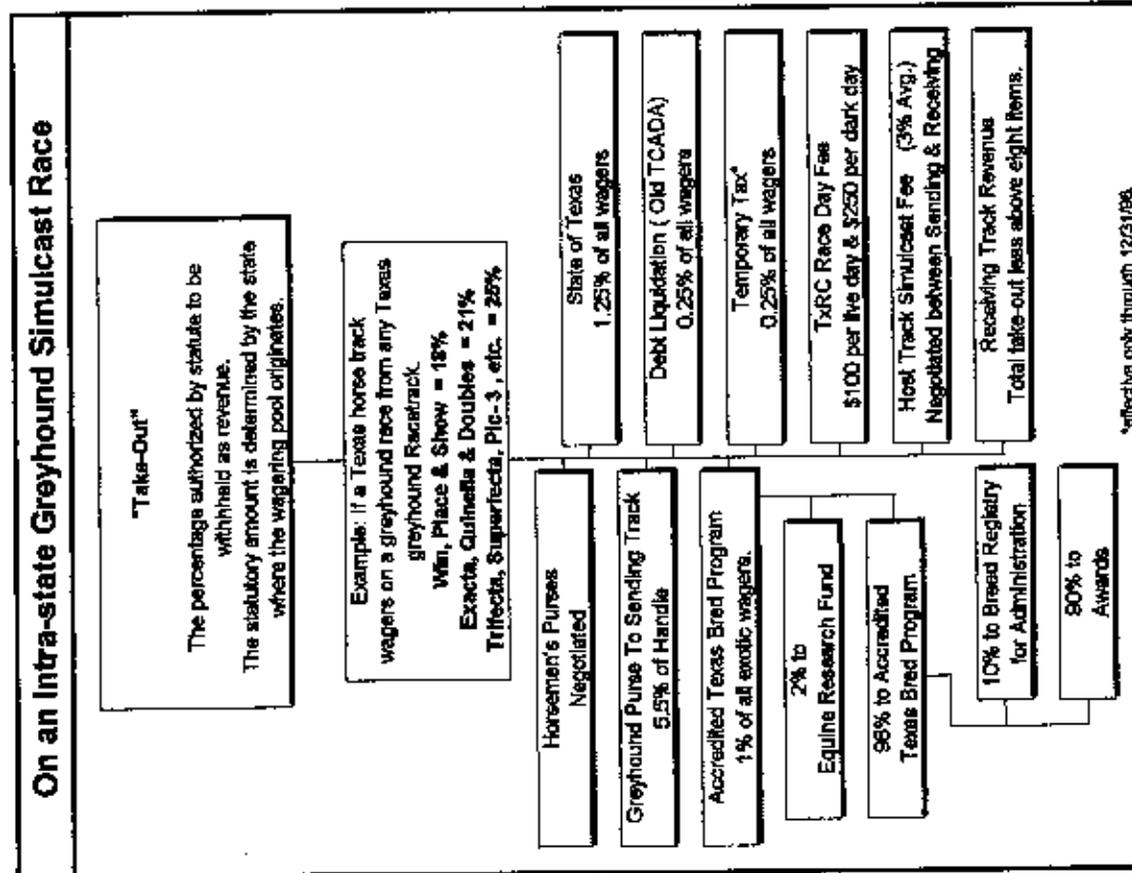
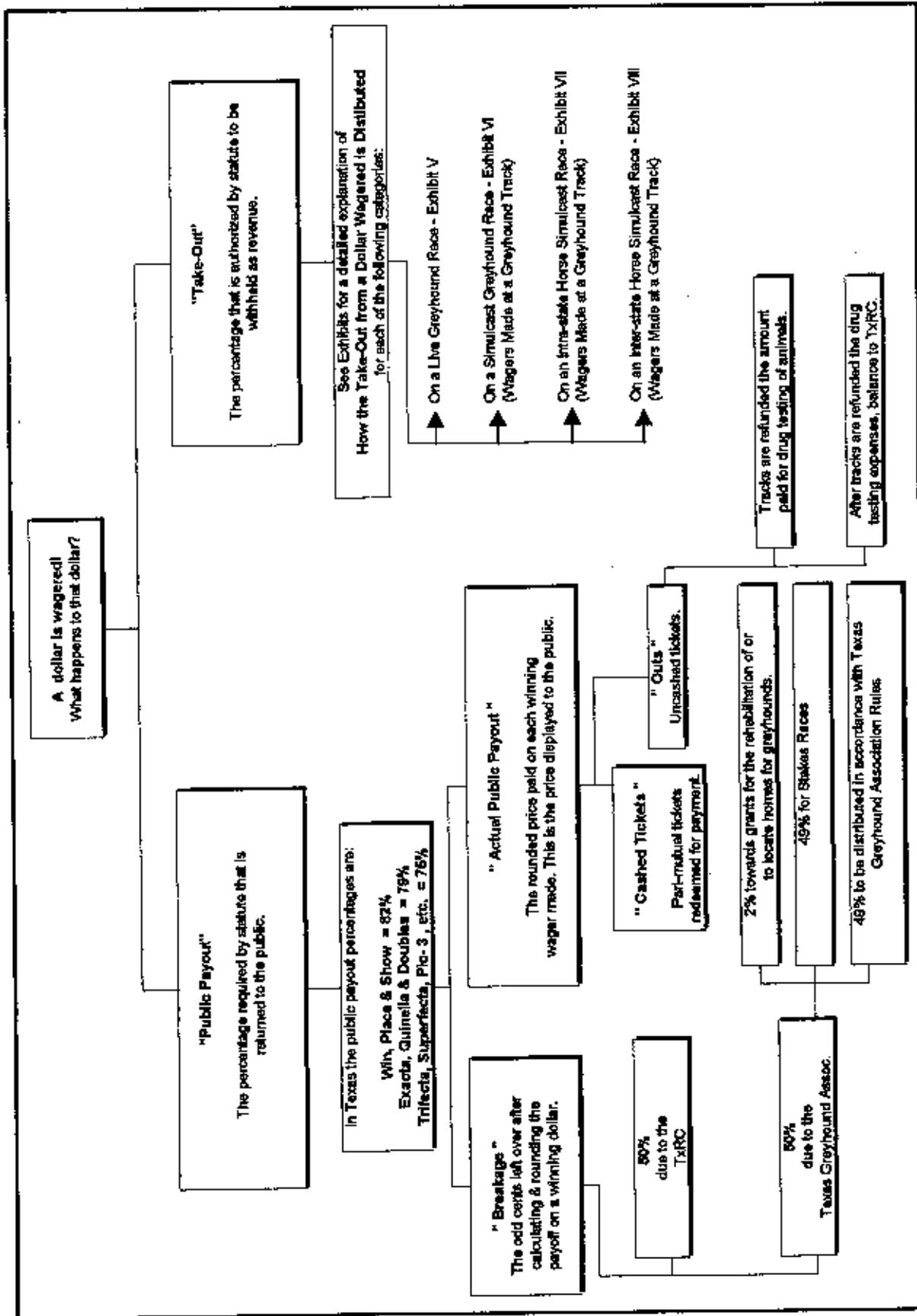


Exhibit III



Distribution of Money Wagered at a Greyhound Track



How the Commission from a Dollar Wagered at a Greyhound Track is Distributed:

Exhibit VI

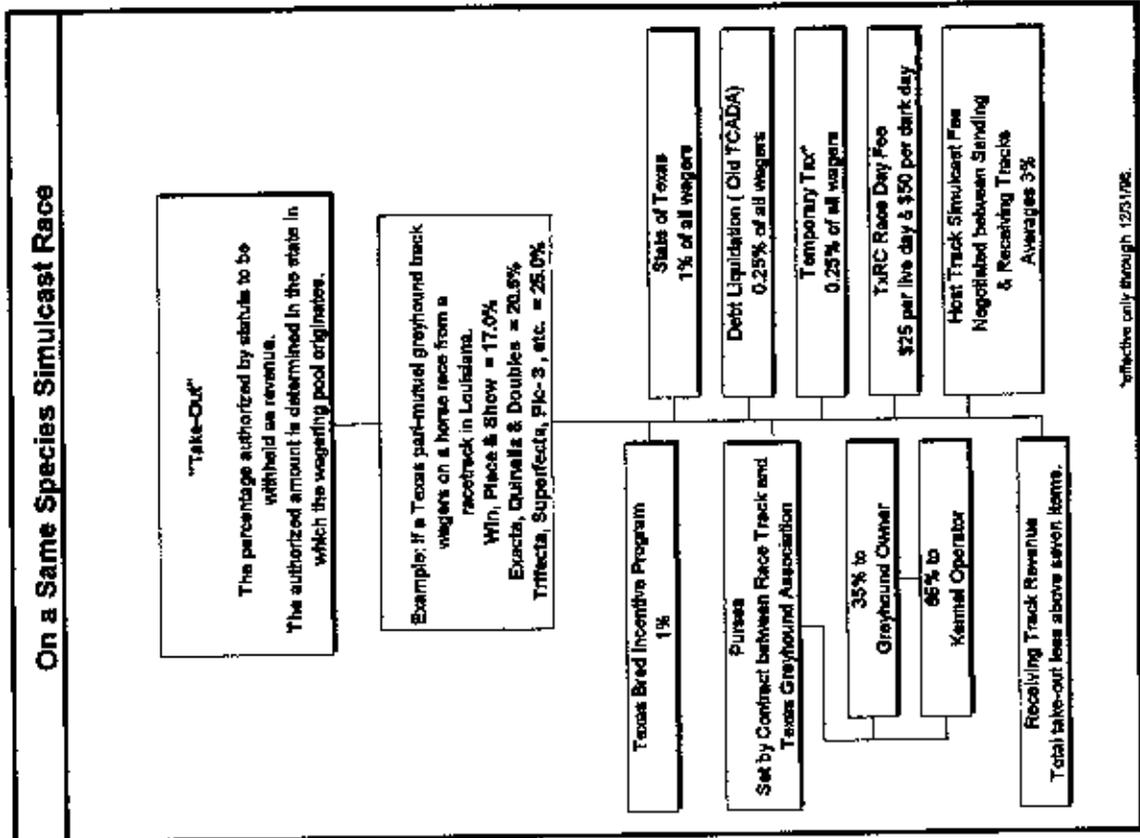
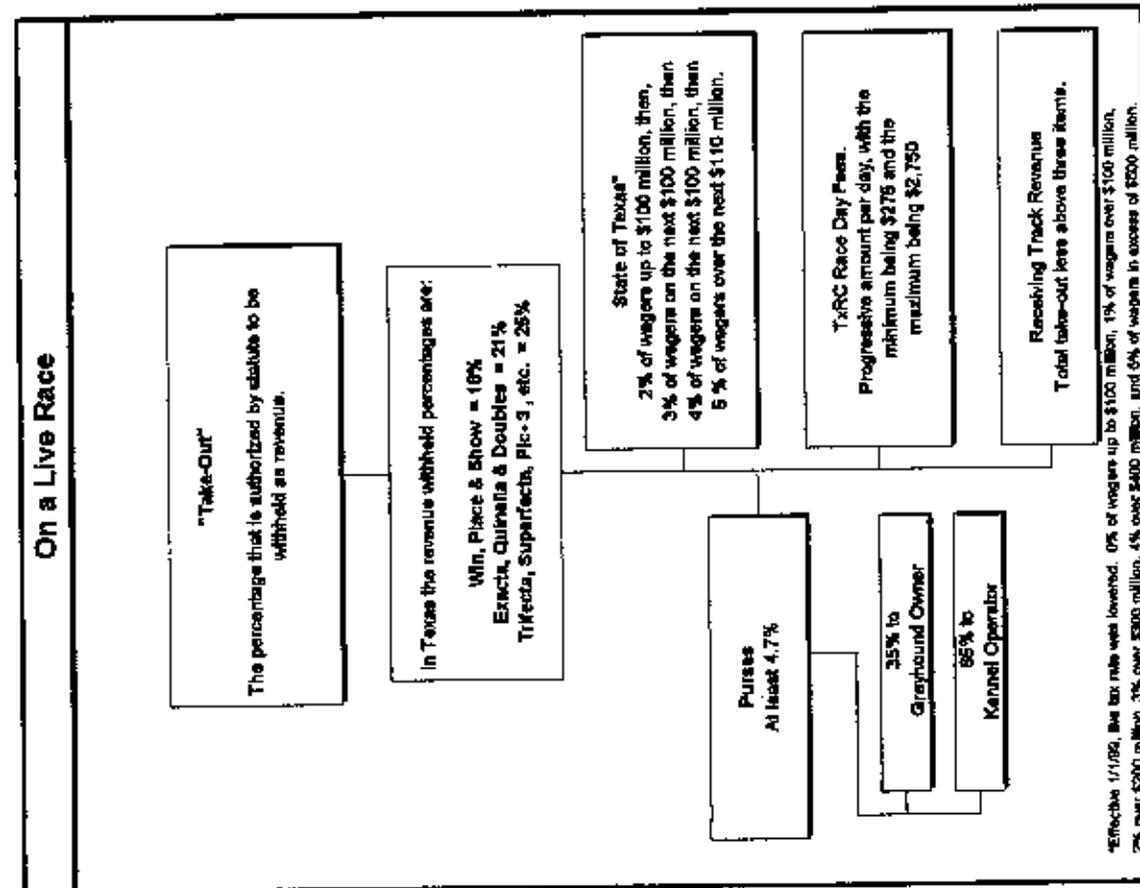


Exhibit V



How the Take-Out from a Dollar Wagered at a Greyhound Track is Distributed:

Exhibit VIII

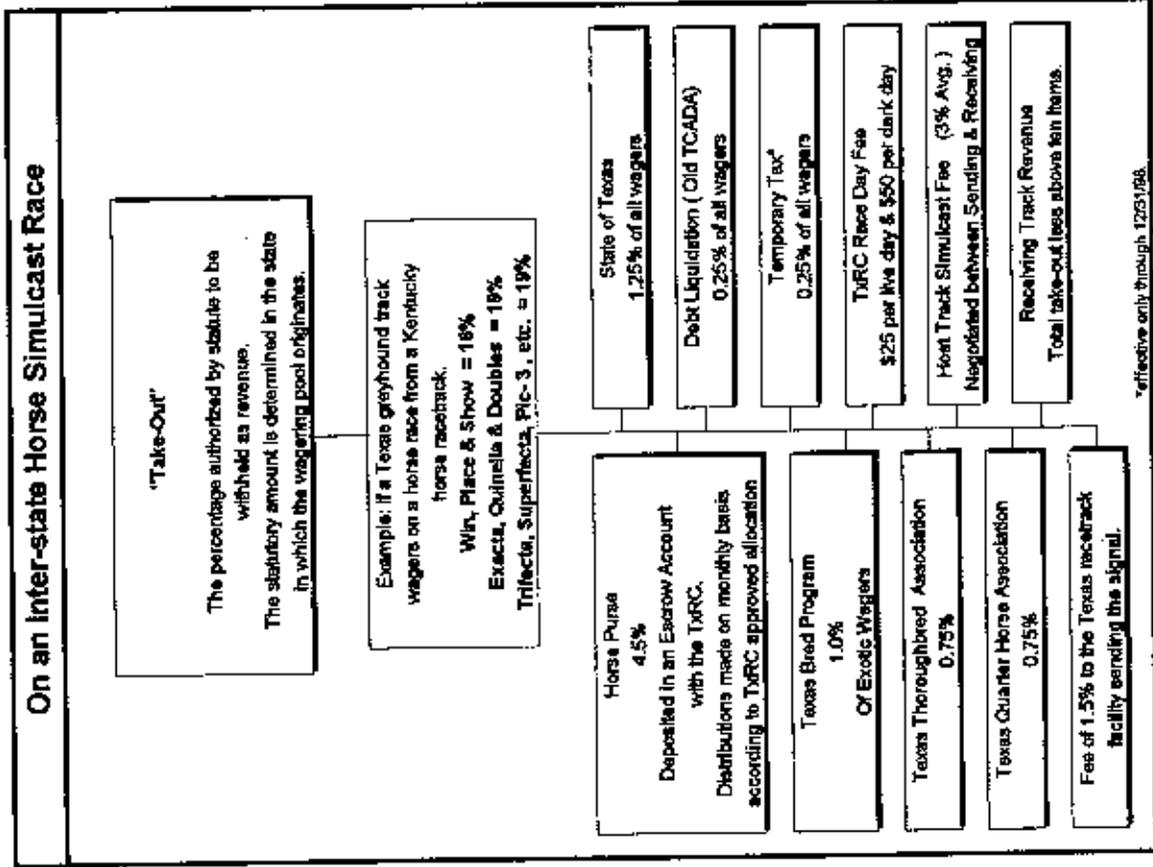
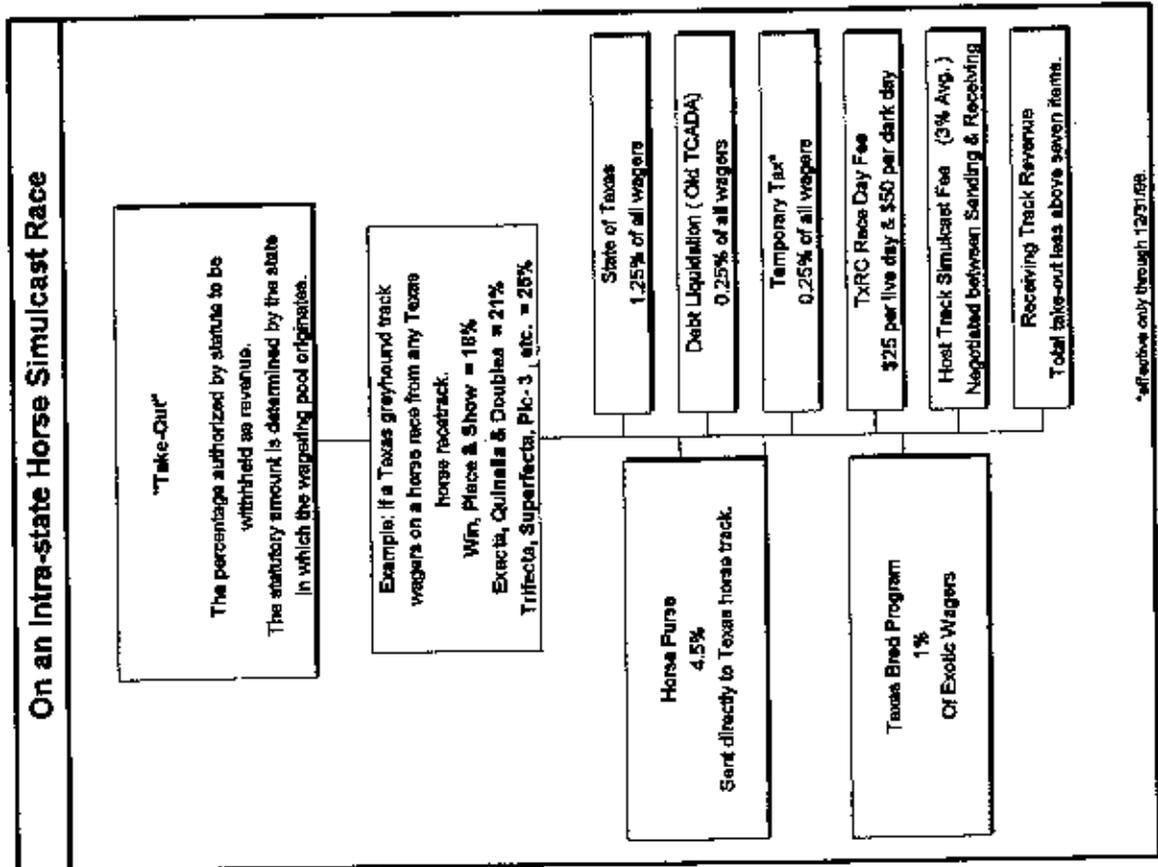


Exhibit VII



LICENSED RACETRACK INFORMATION

Greyhound Racetracks:

❖ **CORPUS CHRISTI GREYHOUND RACE TRACK**

P. O. Box 9087, Corpus Christi, TX 78469, Phone 800 580-7223, Fax 512 289-4307
<http://www.corpuschristidogs.com>

❖ **GULF GREYHOUND PARK**

P. O. Box 488, La Marque, TX 77568-0488, Phone 800 275-2946, Fax 409 986-9700
<http://www.gulfgreyhound.com>

❖ **VALLEY GREYHOUND PARK** - *currently not racing*

Ladbroke Racing Corporation, Foster Plaza 9, 750 Holiday Dr. Pittsburgh, PA 15220, Phone 724 514-6000, Fax 724 514-6016

Horse Racetracks:

❖ **GILLESPIE COUNTY FAIR & FESTIVALS ASSOCIATION** - *Class 3*

P. O. Box 526, Fredericksburg, TX 78624, Phone 830 997-2359, Fax 830 997-4923

❖ **LONE STAR PARK AT GRAND PRAIRIE** - *Class 1*

1000 Lone Star Parkway, Grand Prairie, TX 75050 Phone 972 263-7223,
Fax 972 262-5622 <http://www.lonestarpark.com>

❖ **LONGHORN DOWNS** - *currently not constructed* - *Class 2*

P. O. Box 1, Round Mountain, TX 78663, Phone 830 825-3233, Fax 830 825-3276

❖ **LUBBOCK DOWNS** - *currently not constructed* - *Class 2*

P. O. Box 3550, Lubbock, TX 79452, Phone 806 744-1477, Fax 806 744-0119

❖ **MANOR DOWNS** - *Class 2*

P. O. Box 141309, Austin, TX 78714, Phone 512 272-5581, Fax 512 272-5479
<http://www.citysearch.com/aus/manordowns>

❖ **RETAMA PARK** - *Class 1*

P. O. Box 47535, San Antonio, TX 78265-7535, Phone 210 651-7000, Fax 210 651-7097
<http://www.retamapark.com>

❖ **SAM HOUSTON RACE PARK** - *Class 1*

P. O. Box 2323, One Sam Houston Place, Houston, TX 77252-2323,
Phone 281-807-8700, Fax 281 807-8777 <http://www.shrp.com>

TEXAS BREED REGISTRIES AND INDUSTRY ORGANIZATIONS

❖ **TEXAS APPALOOSA HORSE CLUB**

(Requested withdrawal from Texas-Bred Incentive Program on 11/13/98)

P. O. Box 557, Cedar Hill, TX 75104, Phone 972-723-3708, Fax 972-775-7916

❖ **TEXAS ARABIAN BREEDERS' ASSOCIATION**

P. O. Box 215, Forney, TX 75126, Phone 972-564-9430, Fax 972-552-3613

❖ **TEXAS GREYHOUND ASSOCIATION**

P. O. Box 40, Lorena, TX 76655-0040, Phone 254-857-4377, Fax 254-857-4299

❖ **TEXAS HORSEMEN'S PARTNERSHIP**

P. O. Box 142533 Austin, TX 78714, Phone 512-467-9799, Fax 512-467-9790

❖ **TEXAS PAINT HORSE BREEDERS' ASSOCIATION**

P. O. Box 961023, Fort Worth, TX 76161 Phone 817-439-3400, Fax 817-439-3484

❖ **TEXAS QUARTER HORSE ASSOCIATION**

P. O. Box 16229, Austin, TX 78761-6229, Phone 512-458-5202, Fax 512-458-1713

❖ **TEXAS THOROUGHBRED ASSOCIATION**

P. O. Box 14967, Austin, TX 78761, Phone 512-458-6133, Fax 512-453-5919

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